



Utah Counties Insurance Pool

# AGENDA

## BOARD OF TRUSTEES MEETING

Friday, September 22, 2006, 12:00 p.m.

Zermatt Resort & Spa

784 West Resort Drive, Midway

---

12:00 Lunch Provided

Call to Order and Introduction of New Trustee Dan McConkie

Review of Board Members Absent Dan McConkie

Approval of August 22, 2006 Meeting Minutes Dan McConkie

---

### ITEM INFORMATION

1 State Auditor's Classification of UCIP Kent Sundberg

2 Loss Control Manager's Report Mark Brady

3 Chief Executive Officer's Report Lester Nixon

---

### ACTION

4 Ratify the Action of the Chief Executive Officer  
to Sign the Revised Mutual Release Presented by UAC Dan McConkie

5 Approve Assignment of Property Excess/Reinsurance Markets  
and Authorize the Chief Executive Officer to Solicit Quotes Lester Nixon

6 Approve RFP to Provide Audit Services Lester Nixon

7 Authorize Chief Executive Officer to Execute Documents for AIG Settlement Lester Nixon

8 Review Report on Workers' Compensation Claims Administration  
Consider Authorizing Chief Executive Officer to Send Notice of Contract Termination to ASC Lester Nixon

9 Set Date and Time for Closed Meeting  
to Discuss Pending or Reasonably Imminent Litigation

10 Action on Litigation Matters Kent Sundberg

11 Set Date and Time for Closed Meeting  
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual Dan McConkie

12 Ratification and Approval of Payments and Credit Card Transactions Gene Roundy

---

Other Business

Next Meeting





Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## BOARD OF TRUSTEES MEETING

### M I N U T E S

September 22, 2006, 12:00 p.m.  
Zermatt Resort, Midway, UT

#### BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Kay Blackwell, Piute County Commissioner  
Jim Eardley, Washington County Commissioner  
Ira Hatch, Emery County Commissioner  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor  
Steve White, Utah County Commissioner

#### BOARD MEMBERS ABSENT

Ken Bischoff, Weber County Commissioner  
Karla Johnson, Kane County Clerk-Auditor  
Jim Nyland, Grand County Sheriff

#### OTHERS PRESENT

Lester Nixon, Chief Executive Officer  
Sonya White, Manager of Administration  
Mark Brady, Loss Control Manager

#### Call to Order and Introduction of New Trustee

During lunch, Dan McConkie called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 11:50 a.m. on September 22, 2006. Dan introduced Commissioner Steve White, Utah County's newly appointed representative to the UCIP Board of Trustees.

#### Review of Board Members Absent

Ken Bischoff requested to be excused from this meeting due to a prior meeting commitment. Karla Johnson requested to be excused from this meeting due to illness. Jim Nyland had a speaking engagement today and requested to be excused from this meeting. Lynn Lemon made a motion to excuse Ken Bischoff, Karla Johnson and Jim Nyland from this meeting. Gene Roundy seconded the motion, which passed unanimously.

#### Approval of August 22, 2006 Meeting Minutes

The minutes of the Board of Trustees meeting held August 22, 2006 were previously sent to the Board of Trustees for review. Steve Wall recommended that *Sheriffs*, in the first sentence in item: Discussion Update for "On Call" and Related Personal Use of County Vehicles, page two, be corrected to *Sheriff's*. Gene Roundy requested that his name be corrected from *Gen* to *Gene*, page four, *Set Date and Time for Closed Meeting*. Gene Roundy made a motion to approve the August 22, 2006 Board meeting minutes with the recommended corrections. Steve Wall seconded the motion, which passed unanimously.

### State Auditor's Classification of UCIP

Kent Sundberg has spoken with Van Christensen of the State Auditor's Office who does not have any rationale as to why the Utah Counties Insurance Pool is classified as a special district other than as a means of providing financial reporting as required by the State Auditor. The Interlocal Cooperation Act does not have any classification procedures. Kent thought that since counties formed UCIP, UCIP should follow county classification procedures with the State Auditor. Van pointed out that the Special Districts Act procedures are similar to counties' procedures. As this is true, Kent is satisfied with the State Auditor's classification of UCIP.

### Loss Control Manager's Report

Mark Brady reported that the online survey results, from the Annual Certification in Risk Management Program, held August 22-24, are being received and compiled. Mark will review the final results with the Board at its next meeting.

Mark provided the Board with a copy of the quarterly newsletters, *Personnel Advisor* (see attachment #1) and *Law Enforcement Risk* (see attachment #2). Participation from county personnel directors and law enforcement offices will be utilized for the content of each upcoming newsletter.

Mark will begin conducting compliance reviews in each county for the Multiline Risk Management Program and the Workers' Compensation Loss Control Program. Lester Nixon and Mark have been considering changing the name of the programs to *Best Practices Programs* with the idea that each county would develop their own personalized program with the assistance of UCIP. The Board agreed with this idea and Jim Eardley made a motion to approve the name change of the *Risk Management Program* and the *Loss Control Program* to *Best Practices Programs*. Kay Blackwell seconded the motion, which passed unanimously.

### Chief Executive Officer's Report

Lester Nixon provided the Board with a copy of his written report (see attachment #3) and provided the following information:

- 1) The Annual Membership Meeting will be held November 30 at Thanksgiving Point. Elections for the 2007 Board of Trustees will be more involved this year as UCIP honors five Trustees who have or will be retiring this year. UCIP will also be celebrating its 15-Year Anniversary and wants to have all Trustees and Members represented this year.
- 2) The Litigation Management Committee met on August 23 in Cedar City to review the change in underwriting for the "On Call" Personal Use Tiered program for automobiles.
- 3) Lester and Anne Ayrton, Benefits Specialist, met with Eileen Nelson of Morgan County regarding the County's Health Plan. The Council has now asked UCIP to provide a formal proposal to them at their October 3 Council Meeting.
- 4) The Board was provided a copy of County Reinsurance Limited's Annual Report (see attachment #4). Lester will be attending CRL's Annual Membership Meeting next week.
- 5) The Insurance Services Office (ISO), an International Company set-up to work with insurance companies to standardize reports, has contacted Lester a couple of times wanting UCIP to pay annually \$10,000 to purchase the right to use ISO forms. Lester has explained to the ISO representative that UCIP has a limited membership base and doesn't need to use their forms. ISO claims that UCIP has used their forms in the past and continues to use their forms in the current coverage agreement. Lester assured ISO that UCIP has not used their forms and sent a copy of the UCIP Coverage Agreement to them. Lester suggested that UCIP could do away with the coverage agreement and just provide members with a list of exclusions. Jim Eardley made a motion authorizing Lester to notify ISO that UCIP will not pay for membership in ISO. Gene Roundy seconded the motion, which passed unanimously.

Lester reviewed the month ending August 2006 Multiline Pool loss report with the Board (see attachment #5). The number of claims for the current year to date is 52 open and 152 closed. Total paid for 2006 claims is \$404,314 and the total incurred is \$927,318. The loss ratio for the first eight months is 17%. All years' total incurred losses are \$24,396,638. All years' loss ratio for the first eight months is 38%.

Lester reviewed the month ending July 2006 Workers' Compensation Pool loss report with the Board (see attachment #6). The number of medical claims for the current year to date is 196 open and 100 closed for a total paid of \$76,633 and total incurred of \$244,501. The number of indemnity claims for the current year to date is 13 open and 2 closed for a total paid of \$58,087 and total incurred of \$160,937. For all years (2004-2006), the number of medical claims is 211 open and 731 closed for a total paid of \$394,065 and total incurred of \$584,131. The number of indemnity claims, for all years, is 29 open and 68 closed for a total paid of \$983,263 and total incurred \$1,802,629. Lester explained that in the past, reserves for medical only claims were not needed. This is a huge change in the workers' compensation industry due to lost time claims and increased medical and prescription drug costs.



#### Ratify the Action of the Chief Executive Officer

Lester Nixon explained that following the last meeting of the Board of Trustees, when the Mutual Release between the Utah Association of Counties (UAC) and the Utah Counties Insurance Pool was approved, Brent Gardner and Karl Hendrickson of UAC reworked the Release to state that UCIP "asserts a claim" instead of UCIP "holds claim against" UAC for certain indebtedness (see attachment #7). Lester signed the revised Mutual Release so that the UAC Executive Committee, that was also meeting today, could sign the check from UAC to UCIP in the amount of \$190,000. Bill Cox, UAC First Vice-President, gave the check to Lester today. Lynn Lemon made a motion to ratify the action of signing the revised Mutual Release by the Chief Executive Officer. Kay Blackwell seconded the motion, which passed unanimously.

#### Approve Assignment of Property Excess/Reinsurance Markets

Lester Nixon explained that brokers have approached him requesting to provide UCIP with property reinsurance quotes for the 2007 program. If markets are assigned to these brokers it eliminates confusion during the marketing process. Each broker (Gallagher, Marsh, Willis) was asked to provide Lester with a list of markets they would like to approach. Lester made the assignments pursuant to their requests (see attachment #8). Lester approached one market, Genesis, which will provide UCIP with a direct quote. County Reinsurance Limited will also provide UCIP with a property quote. Lynn Lemon made a motion to approve the market assignments as recommended by Lester Nixon. Jim Eardley seconded the motion, which passed unanimously.

#### Approve RFP to Provide Audit Services

Lester Nixon provided the Board with a draft Request for Proposal for Audit Services (see attachment #9). Steve Wall has reviewed the specifications and recommended that the year (2007) listed in the RFP should be taken out since UCIP is asking for a three-year contract and any date reference should state "of each year". Kay Blackwell made a motion to approve the RFP to provide audit services as corrected. Gene Roundy seconded the motion, which passed unanimously.

#### Authorize Chief Executive Officer to Execute Documents for AIG Settlement

Lester Nixon explained that UCIP has purchased \$250,000 in liability coverage from C.V. Starr (which was a subsidiary of AIG), above the \$2,000,000 limit provided by County Reinsurance Limited, since January 1, 2004. The Attorney General of New York investigated AIG and Marsh (the broker for CRL acting on behalf of UCIP), for anti-competitive business activities, including bid rigging. Rather than prosecute AIG the AG's office entered into a \$375 million settlement agreement. UCIP may sign the release and receive \$6,501.12, UCIP's portion of the AIG settlement (see attachment #10). Steve White made a motion authorizing Lester Nixon to sign the AIG Settlement and all other necessary release documents. Steve Wall seconded the motion, which passed unanimously.

#### Review Report on Workers' Compensation Claims Administration

Lester Nixon provided the Board with a report and cost comparison between workers' compensation third-party administration and bringing claims in-house (see attachment #11). The third-party administration contract, between UCIP and Alternative Service Concepts, was initially written for two-years but was adjusted to continue for one more year. The intention of the Board and staff has always been to bring claims in-house. Challenges of taking claims in-house are the absence of supervision by a senior adjuster and vacation/sick leave backup. Benefits of taking claims in-house are the considerable cost savings and ability of control over the adjusting functions. UCIP can contract for other services if needed and possibly train Korby Siggard to fill-in as a workers' compensation adjuster. Gene Roundy made a motion authorizing Lester Nixon to notify Alternative Service Concepts of the December 31, 2006 contract termination and start the process to bring claims administration in-house.

#### Set Date and Time for Closed Meeting

Kent Sundberg made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for September 22, 2006 at 1:11 p.m. Gene Roundy seconded the motion, which passed unanimously. Board Members present during the closed meeting are: Dan McConkie, Lynn Lemon, Gene Roundy, Steve Baker, Kay Blackwell, Jim Eardley, Ira Hatch, Kent Sundberg, Steve Wall and Steve White.

Lynn Lemon made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation at 1:28 p.m. on September 22, 2006. Kay Blackwell seconded the motion, which passed unanimously.

#### Action on Litigation Matters

There were no actions to be taken on litigation matters. Therefore, Kent Sundberg made a motion to strike item 10. Gene Roundy seconded the motion, which passed unanimously.

#### Set Date and Time for Closed Meeting

No closed meeting was set to discuss the character, professional competence, physical/mental health of an individual.


#### Ratification and Approval of Payments and Credit Card Transactions

Gene Roundy reviewed the payments made, payments to be made (see attachment #12) and credit card transactions with the Board. Gene Roundy made a motion to approve the payments made, payments to be made and credit card transactions. Lynn Lemon seconded the motion, which passed unanimously.

#### Other Business

Dan McConkie explained that Denali Health Sciences (DHS), that also leases office space on the same floor as UCIP in the First Community Plaza building, has asked Lester Nixon if UCIP would be willing to move out. DHS has grown, needs more space and is willing to take over UCIP's lease. In March 2007, the Wadsworth Building will be vacated and is currently for sale. Lester and Dan have been looking at this building that is just off 1-15 in Draper. The building has 6,000 square feet, built in 1996 with 35 parking spaces for a sale price of \$1,200,000. The property is just under an acre with high standard construction. There may be a few additional costs to make the conference room larger to accommodate the Board. Ira Hatch made a motion authorizing Lester Nixon to compile all the details to purchase the Wadsworth Building for the Board to review at its October meeting. Steve Baker seconded the motion, which passed unanimously.

The next meeting of the Board of Trustees is scheduled for October 19, 2006, at 2:00 p.m. (place to be determined).

Approved on this 19 day of October 2006  
  
Gene Roundy, UCIP Secretary-Treasurer

# PERSONNEL ADVISOR

June 2006  
Issue 1

Utah Counties Insurance Pool, Serving Counties Since 1992

## Issue Highlights

Successful Workshop	1
Survey Results	2
At-Will Employment	3
Retaliation	3

## Welcome

By: Steve Baker

Welcome to the first edition of UCIP's Personnel (email) Newsletter! This exciting new service is provided to UCIP member counties. Each quarter we'll bring you important and timely information on HR issues facing counties. If you have a topic that you'd like addressed in the newsletter or a question answered, please contact Mark Brady [mbrady@ucip.utah.gov](mailto:mbrady@ucip.utah.gov) or Steve Baker

[steve@co.davis.ut.us](mailto:steve@co.davis.ut.us). Your topics and questions may also be of interest to others. The UCIP Personnel Committee will be utilized to provide answers. In addition, we'll use this information to help develop training for counties. Please contact any one of the UCIP Personnel Committee members for assistance (contact information on page 2).



## Personnel Workshop

By: Steve Baker



*"Is lying sometimes the right thing for a honest person to do?" Dr. Quinn McKay's lively instruction on integrity was liberating.*

The 8<sup>th</sup> Annual Personnel Workshop was held at Ruby's Inn last month. The theme of the workshop was Special Operations Forces Training. Jim Smith, HR Director of Cache County mustered the troops for Special Ops training on important topics. Michelle Mitchell, Washington County Deputy County Attorney, reviewed the County Personnel Management Act. Gary McKean, Davis County Deputy Attorney, addressed the troops on managing risks and pay issues regarding volunteers. Lana Jensen, Personnel Director of Utah County gave us important information on salary surveys and classification considerations. Jeff Boone, Marketing Director of

PEHP, explained funding levels for health insurance. We had an excellent panel discussion on Wellness. Carrie Mascaró, Duchesne County Personnel Director; Brenda Nelson, Public Health Educator for Tooele County; Ashley Nielson, Wellness Coordinator for Davis County; and Chris Ward, Weber County Training Director all participated. Kevin McLeod, Chief Deputy Sheriff for Davis County; and Mark Heath, Duchesne County Detective, told us what their counties are requiring of their deputies in the fitness area. Rich Lakin, Disease Investigation & Management Program Manager for the State of Utah, informed us about

concerns regarding the possibility of Avian and Pandemic Influenza. Dr. Quinn McKay lead a lively discussion educating us that lying is sometimes the right thing to do. How liberating! Following are some brief descriptions of the sessions: Utah State Personnel Management Act and Employment Laws: A merit system is required for each county with 200 or more employees. The purpose of a merit system is to provide a high quality public workforce. A Career Service Council may cover all eligible employees or Counties may also have a Deputy Sheriff Merit Commission for peace officers and a Firefighter Merit Commission for firefighters.

*Continued page 2*



### Personnel Committee

Paul Barton, Beaver County  
[pbarton@beaver.state.ut.us](mailto:pbarton@beaver.state.ut.us)  
 Peggy Madsen, Box Elder County  
[pmadsen@boxeldercounty.org](mailto:pmadsen@boxeldercounty.org)  
 Jim Smith, Cache County  
[jim.smith@cachecounty.org](mailto:jim.smith@cachecounty.org)  
 Dennis Dooley, Carbon County  
[personnel@co.carbon.ut.us](mailto:personnel@co.carbon.ut.us)  
 RaNae Wilde, Daggett County  
[rwilde@daggett.state.ut.us](mailto:rwilde@daggett.state.ut.us)  
 Steve Baker, Davis County  
[steve@co.davis.ut.us](mailto:steve@co.davis.ut.us)  
 Carrie Mascaro, Duchesne County  
[cmasc@co.duchesne.ut.us](mailto:cmasc@co.duchesne.ut.us)  
 Mary Huntington, Emery County  
[huntington@co.emery.ut.us](mailto:huntington@co.emery.ut.us)  
 Camille Moore, Garfield County  
[gcclerk@mountainwest.net](mailto:gcclerk@mountainwest.net)  
 Diana Carroll, Grand County  
[dcarroll@grand.state.ut.us](mailto:dcarroll@grand.state.ut.us)  
 David Yardley, Iron County  
[david@ironcounty.net](mailto:david@ironcounty.net)  
 Mike Seely, Juab County  
[mikes@co.juab.ut.us](mailto:mikes@co.juab.ut.us)  
 Karen Glazier, Kane County  
[commiss@kanab.net](mailto:commiss@kanab.net)  
 Brandy Grace, Millard County  
[bgrace@co.millard.ut.us](mailto:bgrace@co.millard.ut.us)  
 Eileen Nelson, Morgan County  
[enelson@morgan-county.net](mailto:enelson@morgan-county.net)  
 Valeen Brown, Piute County  
[valeenb@hotmail.com](mailto:valeenb@hotmail.com)  
 Walter Bird, San Juan County  
[walterbird@sanjuancounty.org](mailto:walterbird@sanjuancounty.org)  
 Ilene Roth, Sanpete County  
[datapro@manfi.com](mailto:datapro@manfi.com)  
 Steve Wall, Sevier County  
[steve@sevierutah.net](mailto:steve@sevierutah.net)  
 Pam Ayala, Tooele County  
[payala@co.tooele.ut.us](mailto:payala@co.tooele.ut.us)  
 Joe McKea, Uintah County  
[jmckea@co.uintah.ut.us](mailto:jmckea@co.uintah.ut.us)  
 Lana Jensen, Utah County  
[ucadm.lanaj@state.ut.us](mailto:ucadm.lanaj@state.ut.us)  
 David Rowley, Wasatch County  
[drowley@co.wasatch.ut.us](mailto:drowley@co.wasatch.ut.us)  
 John Willie, Washington County  
[johnw@washco.state.ut.us](mailto:johnw@washco.state.ut.us)  
 Ryan Torgerson, Wayne County  
[ryan@wco.state.ut.us](mailto:ryan@wco.state.ut.us)  
 Brad Dee, Weber County  
[bdee@co.weber.ut.us](mailto:bdee@co.weber.ut.us)

## Personnel Workshop cont.

Merit rules must establish procedures for grievances, dismissal, demotion, suspension, transfer and discrimination. Michelle also addressed the different responsibilities of the Career Service Council, the County Commission/Council and the Personnel Director. Volunteers—Managing Risks & Pay Issues: A volunteer is a person who donates services without pay or other compensation except for approved expenses actually and reasonably incurred. Counties were encouraged to develop and adopt policies which address approval to the volunteer, acknowledgement of assignment and risks to the volunteer, waiver of liability and a code of conduct. Salary Surveys and Classification Considerations: Federal and state laws regarding pay were reviewed. Of special note are the ADEA, ADA, Title VII, Equal Pay Act and the FLSA. An in-depth discussion on the

FLSA addressed the definition of a work week, compensatory time, travel time, training time, on-call time and exemption tests. Also presented were valuable tips on developing a compensation system, classifying jobs, conducting a salary survey and using data appropriately. Wellness Program Panel: Many exciting program ideas were suggested educating counties on how they can influence the lifestyle choices that employees make. Simple and fun exercises and activities were discussed along with suggestions for healthy nutrition. The use of incentives greatly increases employee participation. Incentives need not be expensive. Fitness Panel: Implementation and structure of fitness programs in Duchesne and Davis Counties were discussed. The benefits of a fitness program are: improved public perception of officers,

reduced sick leave usage, reduced stress, increases in individual and group confidence and increases in self-esteem. A fitness program must be validated to be defensible. The use of a consultant is recommended to reduce liability. Fitness programs generally establish standards in the following areas: running, bench press, sit-ups, push-ups, and a vertical jump.

**"Every county needs to prepare for a pandemic."**

Avian and Pandemic Influenza. Every county needs to prepare for a pandemic. Spending time preparing will pay-off if a pandemic occurs. Consult with health care experts and communicate with your employees frequently so that everybody knows what to expect. County health departments are excellent sources of information.

If you missed the Workshop and would like a copy of all handout materials, please contact UCIP, 800-339-4070.

## PRELIMINARY SURVEY RESULTS

Overall impression of the Workshop: Excellent = 61% Very Good = 39%

Did you like the format/time schedule of the workshop? Yes = 100%

Topics and quality of presentations was determined by our survey to be excellent with guest speaker Dr. Quinn McKay getting top marks for his presentation on integrity.

Where would you like this workshop to be held next year (location, facility)?

The general consensus, so far, is to hold the workshop in Southern Utah. However, one-third of the attendees would like to alternate locations between north and south of the state.

What topics would you like presented/discussed at next year's Workshop?

The most requested topics concern hiring, firing and appraising employees, managing people, responding to grievances, and confrontation.

If you haven't yet participated in UCIP's online survey, access the survey at:  
<http://www.surveymonkey.com/s.asp?u=840432187919>



## Understanding At-Will Employment

By: Mark Brady

It is well established that Utah is an "at-will" employment state. But what does that mean? And how does it relate to counties as employers? The term "at-will" has long been used to designate an employment principle that allows employers to separate employees from employment at the employer's discretion—with or without cause. As late as 2004, the Utah Supreme Court reiterated the at-will nature of the employment relationship in Hansen v.

America Online Inc. The Court said that: "Utah's employment law presumes that all employment relationships entered into for an indefinite period of time are at-will, where the employer or the employee may terminate the employment for any reason (or no reason) except where prohibited by law." Hansen v. America Online, Inc., 96 P.3d 950, 952 (Utah 2004). The Utah Supreme Court in Hansen states that the presumption of at-will employment may only be

overcome by showing that: (1) there is an implied or express agreement that the employment may be terminated only for cause or upon satisfaction of [some] agreed-upon condition; (2) a statute or regulation restricts the right of an employer to terminate an employee under certain conditions; or (3) the termination of employment constitutes a violation of a clear and substantial public policy. Id., 952, (cite omitted.) Federal courts will not

*Continued page 4*



## Court Clarifies Definition of Retaliation

By: Mark Brady

Last week the United States Supreme Court set out a new standard for determining whether workplace retaliation has occurred. In deciding Burlington v. White, 548 U.S. (2006), the Court considered whether retaliatory actions had to be employment or workplace related and how harmful the action must be to constitute retaliation.

### Facts of the Case

White was employed by Burlington. Her primary duties involved driving a forklift which was considered substantially more prestigious than her other duties and the general duties of her coworkers which were considered more labor intensive and dirtier. At one point, White complained about treatment she received from her supervisor and alleging sexual harassment. An investigation supported her allegations and the supervisor was disciplined. At the same time that White was told of the discipline of the supervisor, she was also removed from forklift duty. She was told that, in fairness, the job

should go to a more senior man. White subsequently filed a complaint with the EEOC alleging gender-based discrimination and retaliation for her earlier complaint. Sometime later, White made a further allegation that the employer was monitoring her daily activities, singling her out in retaliation. A few days later, White disagreed with her immediate supervisor about the use of truck for transportation. The supervisor reported that White had been insubordinate. White was immediately suspended without pay. White was suspended from early December, for a period of 37 days. An investigation determined that White had not been insubordinate. She was awarded back pay. She subsequently filed a further retaliation claim. White exhausted administrative remedies and filed an action in federal court where she prevailed. On appeal the judgment of the court was eventually affirmed. Burlington Appealed to the Supreme Court. What Supreme Court Did The Supreme Court upheld the finding of the trial court

and went on to explain its decision. **First: The language regarding retaliation is very broad and is not limited to the terms and conditions of employment.** The purpose of the anti-retaliation statute is to prevent an employer from interfering with an employee's abilities to attempt to secure his or her workplace rights. (The Court, strictly speaking, need not have addressed this issue in this case. But it does resolve a split among the various Courts of Appeal). **Second: The anti-retaliation language only covers those acts by the employer which "well might have dissuaded a reasonable worker from making or supporting a charge of discrimination."** Such acts must be "materially adverse,"—not merely trivial harms. Third: The Court found that the harms complained of in this case were sufficiently severe to support the jury's verdict in favor of White. The behavior of the Burlington was clearly retaliatory. **The work assignment change involved more arduous and dirtier work—thus a substantial change in**

**working conditions.** And while White was eventually compensated for the suspension without pay, most reasonable employees would find a month without pay a serious hardship, particularly over the Christmas season. **An indefinite suspension as was applied here could well act as a deterrent to the filing of a discrimination complaint.**

### Tips for Employers

1. **Always exercise caution when disciplining employees who have made a recent claim of illegal harassment.** It is best to get legal advice before changing the working conditions, demoting, terminating or suspending employees in such circumstances.
2. **Never retaliate** against an employee for making a harassment complaint, whether in or out of the workplace. It does not matter what you think of the credibility of the complaint. Retaliation is strictly forbidden.
3. **Train supervisors** to avoid the potential traps associated with harassment and retaliation.



## At-Will Employment cont.

disturb the at-will nature of the employment relationship unless there is a showing that the employee had a legitimate property interest in continued employment. See Snyder v. City of Moab, 354 F.3d 1182 (10<sup>th</sup> Cir., 2003). It may be difficult for the employee to demonstrate that he or she has a property interest. The 10<sup>th</sup> Circuit Court of Appeals stated that "Property interests are not created by the constitution, but arise from independent sources such as state statutes, local ordinances, established rules, or mutually explicit understandings." Snyder, at 1189. The above notwithstanding, it goes without saying that even though an employee is at-will, the employer may not terminate her or him for reasons that violate federal discrimination laws. These include employment decisions based on gender, race, religion, color, national origin, age, marital status, political affiliation, or disability. It is imperative that our counties understand the circumstances under which the courts will find that the at-will presumption does not apply in a given case. The various exceptions to at-will employment status are discussed below.

### Statutory Regulation

Many of our counties are required to implement a merit system pursuant to the County Personnel Management Act, Utah Code Section 17-33-1 et seq. (CPMA). The CPMA directs counties with 200 or more employees to implement a career service system based upon merit principles. Merit principles include the "retention of employees on the basis of the adequacy of their performance..." Utah Code

Section 17-33-3 (4). While no court has made a dispositive determination, it appears that merit systems implemented under the CPMA would overcome the at-will employment presumption. The 10<sup>th</sup> Circuit Court has said that similar provisions make Utah State career service employees "essentially tenured public employees who maintain a statutory property interest in their position and consequently may not be terminated without cause." Morgan v. Lane, 365 F.3d 884 (10<sup>th</sup> Cir., 2004). For our counties, this means that those employees designated as "career service" could only be terminated from employment for cause or for some other legitimate business reason. And in order to determine whether appropriate reasons for termination were used, the employee would be entitled to due process. Of course, just because there is a merit system in place, does not mean that all county employees are subject to it. Generally, employees that are exempt from career service, will not be entitled to the due process requirements imposed by the merit system. These include seasonal, temporary, and part time employees (see Utah Code Section 17-33-8). It is important to construct county personnel policies and procedures in such a way as to maintain the at-will status for non-career service employees. Therefore, it is advisable to put disclaimers in the policies that indicate that the county policies do not alter the at-will employment status of any county officer unless otherwise indicated in the policies. Those counties not obligated to implement a

merit system should be sure to include a provision in the policies indicating that the at-will nature of the employment relationship is not intended to be compromised by the policies and procedures.

### Contractual Obligation

Along with statutory regulation, the at-will employment status may be impaired by contractual provisions that give the employee due process rights. Unfortunately, such contractual provisions may be implied by the reviewing courts when they review the personnel policies. In West v. Grand County, the 10<sup>th</sup> circuit determined that an employee was entitled to due process rights because they were granted by the county's personnel policies. Essentially, the court held that there was a contract between Grand County and West that provided her the rights, even though under the County Personnel Management Act, she would have been classified exempt (see West v. Grand County, 967 F.2d 362 10<sup>th</sup> Cir. 1992). In order to protect the county from such implied contracts, the county personnel policies need to clearly delineate what positions are exempt from merit or career service provisions. Furthermore, policies and procedures ought to include a disclaimer which provides that the policies are not to be construed as a contract.

### Public Policy Exception

The final exception to at-will employment involves the termination of the employment when such would violate a clear and substantial public policy. The Utah Supreme Court has identified four categories of possible public policy exceptions: (i)

refusing to commit an illegal or wrongful act, such as refusing to violate the antitrust laws; (ii) performing a public obligation, such as accepting jury duty; (iii) exercising a legal right or privilege, such as filing a workers' compensation claim; or (iv) reporting to a public authority criminal activity of the employer. Hansen, at 952 (cite omitted). The majority of state cases involving exceptions to at-will employment status involve questions of public policy violations. In order to avoid the implication of public policy violations, County officials need to be educated and sensitive concerning the exercise of employee rights and obligations. For a discussion of the public policy exception, see Rackley v. Fairview Care Centers, Inc., 23 P.3d 1022 (Utah 2001).

### Conclusions

What should County Human Resource directors do?

1. Thoroughly examine your policies. Have you clearly identified who is and who is not a career service or merit status employee?
2. Include a provision in your policies which retains at-will status for all non-career service or non-merit status employees.
3. Include a disclaimer indicating that no contract is intended or created by the personnel policies and procedures.
4. Provide training for elected officials and department heads which identifies rights and obligations of employees that may implicate public policy issues in disciplinary situations. Training could be provided by your county attorney. Training is also available through UCIP.





# LAW ENFORCEMENT RISK

SEPTEMBER 19, 2006

VOLUME 1, NUMBER 1

## Welcome

Welcome to the inaugural issue of the UCIP Law Enforcement Liability Newsletter. This newsletter will provide updates on legal and safety issues related to law enforcement activities. In addition, the newsletter will focus on training topics that, if utilized, will help each Sheriff's office obtain some of the training required to get credit under the Risk Management Program. We hope that this newsletter will be a tool that we can all take advantage.

We also hope that you will assist us with this useful tool by giving us feedback on topics and other things you would like to see in a publication such as this. How can we help you meet your needs and provide practical advice that will be beneficial to you and your deputies? If you have suggestions or concerns, then please address them to Mark Brady at: [mbrady@ucip.utah.gov](mailto:mbrady@ucip.utah.gov) or Sheriff James Nyland at [jnyland@grand.state.ut.us](mailto:jnyland@grand.state.ut.us). We look forward to hearing from you.



**James Nyland**

Grand County Sheriff

UCIP Law  
Enforcement  
Committee Chair

UCIP Board Trustee

## Warrantless Entry

The theme of this inaugural issue is the Fourth Amendment. Specifically we will address the issue of warrantless entries into dwellings. Two new Supreme Court cases deal with this issue. The **Georgia v. Randolph** case decided in March, discusses the consensual search of a dwelling. The **Brigham City v. Stuart** case deals with exigent circumstances.

## Exigent Circumstances

In a unanimous decision, the Supreme Court of the United States ruled last month that police officers could enter a dwelling without a warrant after witnessing a physical altercation between several adults and one juvenile. *Brigham City, Utah v. Stuart et al.*, 547 U.S. \_\_\_\_ (2006).

### Facts of the Case

Police responded to a 3 a.m. call regarding a loud party. Upon arriving at the scene, the officers could hear noise (thumping, crashing, shouting) coming from the back of the house. There was no one in the front of the house. The officers went around to the back and witnessed two juveniles drinking beer in the backyard. They could see that a fight was occurring within the house. As they came to the door, they could see a physical altercation occurring within the home as 4 adults were attempting to restrain a single juvenile. The juvenile struck an adult. The adult spat blood into a sink. The adults then pushed the juvenile up against the refrigerator with enough force to move the refrigerator from its location. At this point, an officer opened the screen door and announced the presence of law enforcement officers. He then entered the house and called out again. The altercation then gradually ceased. The officers arrested the defendants for contributing to the delinquency of a minor and related offenses.

The trial court determined that the entry was in violation of the fourth amendment and suppressed evidence obtained from the entry. The suppression was affirmed by the Court of Appeals and the Utah Supreme Court.

*Continued page 2*



### Calendar

Sept. 25-27  
Sheriffs' Assn.  
Annual Conference  
Dixie Center  
St. George

Sept. 27  
Law Enforcement  
Committee  
Dixie Center  
St. George

### Decision of the Court

The U.S. Supreme Court found that the entry into the home in this case was objectively reasonable under the exigent circumstances doctrine. Police may enter a home without a warrant when they have an objectively reasonable basis for believing that an occupant is seriously injured or imminently threatened with such injury.

The decision does not depend on the officers' subjective motivation in entering. The only criterion in assessing whether there were exigent circumstances is what could be reasonably assessed from the events witnessed. The events in this case give rise to a reasonable belief that the injured adult might need help and that the fight was only escalating. The Fourth Amendment does not require that the officers wait until someone is knocked out or semi-conscious before electing to intervene. The manner of approach was also reasonable. Knocking before entry would have done no good. And the officers took reasonable steps to ensure that they could get someone's attention and stop the altercation.

### Training Suggestions

This decision is great news for Utah law enforcement. Officers should be trained to objectively assess the need for intervention. This is not to suggest that a lengthy contemplative analysis needs to be done. Clearly, a continuing physical altercation generally is enough to invoke application of the doctrine. **The key element is one of continuing exigency.**

Right now would be a great time to review with our law enforcement officers the conditions under which warrantless entry is permissible. Some other examples of exigent circumstances permitting warrantless entry include: **assisting persons who are seriously injured or threatened with such injury, fighting a fire and investigating its cause, hot pursuit of a fleeing suspect, protection against domestic violence, or prevention of imminent destruction of evidence.**

The *Brigham City* decision refers to another important case. In *Mincey v. Arizona*, 437 U.S. 385 (1978), law enforcement officers asserted that exigent circumstances included the investigation of a homicide. The State contended that no warrant was required to search the suspect's residence when the residence was the scene of the crime. But the Supreme Court held in that case that the warrantless search was not permissible. There was no ongoing emergency and the officers were able to articulate no other justification than the seriousness of the crime (murder). While a brief inspection may have been necessary to secure the scene and look for other victims, an evidentiary investigation without a warrant was impermissible and a violation of the Fourth Amendment.

### Cotenant's Consent To Enter A Dwelling

When the owner of property gives consent to enter and search their own dwelling, generally the search will be valid. However, the United States Supreme Court recently modified its approach to this potentially thorny issue. In a 5-3 decision (one justice abstaining), the court held that a **physically present co-occupant's** refusal to a search may not be overcome by obtaining consent from the other occupant. *Georgia v. Randolph*, 547 U.S. \_\_\_\_\_ (2006).

### Facts of the Case

While previously separated, Scott and Janet Randolph had reconciled and they were residing together in July 2001. On July 6<sup>th</sup>, Janet contacted police, complaining that Scott had taken their son away. When the officers arrived, Janet informed them that Scott was a drug user. Scott returned to the residence and the child was retrieved. Janet renewed her accusation that Scott was a drug user and indicated that paraphernalia was in the house.



**Law Enforcement  
Committee  
Members**

Jim Nyland, *Chair*  
Grand County

James Cordova  
Carbon County

Bud Cox  
Davis County

Leon Jensen  
Box Elder County

Alden Orme  
Juab County

Brad Slater  
Weber County

Kirk Smith  
Washington County

Scott refused to allow officers to enter. Janet, on the other hand, gave officers permission to search the home. She took officers upstairs to a room she indicated was Scott's. The officers found some paraphernalia but, on advice of counsel, terminated their search until a warrant could be obtained. A search under warrant yielded more evidence.

Motion to suppress evidence of the original search and the subsequent search under warrant was denied by the trial court. On appeal, the Georgia Supreme Court reversed, holding that the direct refusal of a party present at the scene could not be overcome by the consent of a co-occupant.

**The Decision of the Court**

The U.S. Supreme Court determined that, while it was customary and expected that one co-occupant could give consent in the absence of the other, in this case the other occupant was actually present. Because he was present and objecting, the police should have deferred to his objection to their entry. Disputed permission cannot overcome the privacy interests sought to be protected by the Fourth Amendment.

The court held that, in such cases, a cotenant can give information regarding illegal activity to police in order for the police to obtain a warrant.

The court further distinguished this case from two earlier decisions *Illinois v. Rodriguez*, 497 U. S. 177 (1990); *United States v. Matlock*, 415 U. S. 164 (1974). In *Matlock*, the defendant was arrested and put in a squad car outside his residence. The police then went to the door of the defendant's property and got consent from the cotenant, a woman with whom the defendant lived. The Court held that the cotenant could give consent to the search even though the defendant was present and could have been asked to consent. He was not asked and did not refuse.

In *Rodriguez*, the police asked for and were given consent to search a dwelling from one cotenant while the other tenant was asleep in bed in the house. The Court held that a search was proper in that case despite the fact that the cotenant was asleep in bed and could have been asked to consent.

The Court distinguishes *Randolph* by contrasting Randolph's being actually at the door and objecting as opposed to a cotenant who is in a patrol car away from the door or in bed inside the dwelling. There is no requirement to request consent from the suspect in custody or the cotenant in bed if there is another cotenant available. Apparently, the only situation this applies to is when one of the cotenants is *present and objecting*.

**Recommendations for Training**

It is always important to train deputies as soon as possible after cases come out that restrict or narrow previous cases in order to avoid possible civil rights violations and subsequent suits under Section 1983. It would be advisable therefore to train deputies to stop and seek legal advice before proceeding on a warrantless search when one cotenant gives permission to search and the other withholds permission. Deputies should be clear about what constitutes a refusal of entry and what constitutes consent. Deputies should also exercise extreme caution when one cotenant gives permission and the other cotenant is in the vicinity. The good news is that law enforcement is not required to specifically ask more than one cotenant for permission—even when both are available.

Besides training, sheriff's offices should review their policies, both written and informal, regarding consensual searches of dwellings. If current policies and procedures could be read as being in conflict with *Randolph*, then they should be revised.



# **CEO REPORT**

**Report Date: September 22, 2006**

**Period covered by report: from August 22, 2006 to September 22, 2006**

## **BOARD INFORMATION ITEMS**

1. The Annual Membership Meeting is November 30, 2006 at Thanksgiving Point. Make sure you get this on your calendars as UCIP will be honoring five retiring Trustees this year, plus celebrating UCIP's 15<sup>th</sup> Anniversary.

## **COMMITTEE MEETINGS**

1. Litigation Management Committee met on August 23 in Cedar City.

## **MARKETING**

1. CEO and Benefits Specialist met with Morgan County regarding the health plan. I think we had a good meeting and we will be following up with a Council meeting on October 3.

## **CRL**

1. You have received CRL's Annual report.
2. I will be attending the CRL Annual Membership Meeting on September 28-29. By then we should know if they will have a Property program available for UCIP in 2007.

## **MISCELLANEOUS**

1. I have been contacted by the Insurance Services Office (ISO) 2 or 3 times over the last 18 months. Their representatives want UCIP to purchase the right to use their forms. The approximate annual cost is \$10,000. We do not need their forms with our small customer base and homogeneous group. Last week they called again and almost demanded that we buy their forms because we have included ISO forms in our coverage agreement. I assured them we have not and they requested a copy of our coverage agreement which I gave them.







**County Reinsurance, Limited**

ANNUAL REPORT 2005





Vermont state capitol building in Montpelier.

## ABOUT COUNTY REINSURANCE, LIMITED

County Reinsurance, Limited (CRL) is a member-owned reinsurance company. The company was formed in 1997 by county associations that operated their own self-insured pools. The National Association of Counties (NACo) and state association executives played a critical role in the formation of the company.

CRL is organized as a captive insurance company in the state of Vermont. The company's legal structure as a mutual insurance company means that the members of the company own the company. In addition, CRL is organized as a non-profit company, and is exempt from state and federal income taxes. All CRL members are also organized as non-profit companies.

CRL provides property, liability, and workers' compensation reinsurance to its members. As a reinsurance company, CRL does not provide direct coverage or state approved "admitted" policies. In several instances CRL enters into reinsurance agreements with a state-approved insurance company to meet state regulatory requirements for an "admitted" company. In those instances, CRL Members receive a policy from an insurance company admitted to do business in their particular state, and CRL reinsures that state-approved insurance company.

CRL maintains an administrative office in Clemmons, North Carolina. Questions about CRL may be directed to Philip E. Bell, Executive Director at (336) 766-3930.

### TABLE OF CONTENTS

#### Section 1:

Letter to Members	1
Management's Discussion and Analysis	2 - 5
Members of County Reinsurance, Limited	7
Directors and Officers	7
Committees and Service Providers	8

#### Section 2:

Audited Financial Statements	1 - 18
------------------------------	--------

## LETTER TO MEMBERS



### Dear Members:

We are pleased to present County Reinsurance, Limited's (CRL's) second Annual Report.

### Here are the major highlights of 2005:

- We welcomed the Kansas County Association Multiline Pool (KCAMP) effective January 1, 2005. KCAMP offers liability and property coverage to eligible counties in Kansas.
- Net Premiums Earned increased from \$13,188,000 to \$14,812,000, a 12% increase. CRL members continue to see organic premium growth, which in turn adds premium to CRL.
- The company produced \$529,000 in Operating Income and \$3,294,000 in Net Income.
- The company's investment portfolio was ahead of its benchmarks for the year, and provided \$2,765,000 toward Net Income.
- Member equity for the company increased from \$12,289,000 to \$15,213,000, a 24% increase. The Average Annual Return on Equity for members was in excess of 20%.

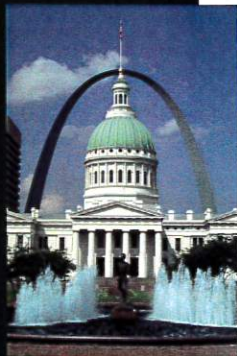
We are proud to present your company's Annual Report. Please let us know if you have any comments or questions.

Ron Lethgo  
Chairman of the Board

Philip E. Bell  
Executive Director



Missouri state capitol building in St. Louis.

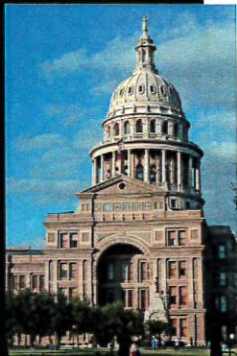


State capitol building in Nashville, Tennessee.



State capitol building in Lincoln, Nebraska.

Texas state capitol building in Austin.



MANAGEMENT'S DISCUSSION AND ANALYSIS

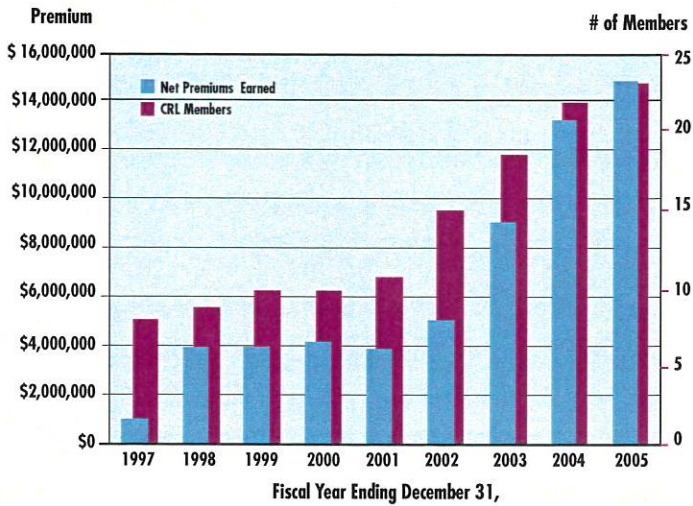
Underwriting Results

County Reinsurance, Limited's (CRL's) Gross Premiums Earned increased from \$17,429,000 to \$17,470,000, a .02% increase. CRL did not renew its property reinsurance business that was 100% ceded to Discover Re. This change accounted for the flat Gross Premiums Earned compared to last year. Net Premiums Earned increased from \$13,188,000 to \$14,812,000, a 12% increase. Most of our members experienced organic growth within their respective pools, which in turn added premiums to CRL. However, several members opted for a higher self-insured retention this year. The timing of these changes will put pressure on premium growth next year. (Chart 1)

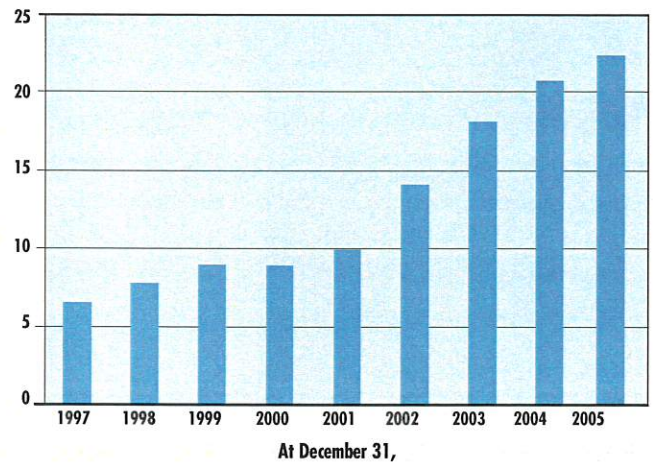
The company enjoyed an Underwriting Gain (Operating Income) of \$529,000 for the fiscal year ending December 31, 2005. On July 1, 2002 the company adopted a new pricing model. The Underwriting Committee and Board of Directors thoroughly reviews and modifies the model every year during the first quarter. We know that the inherent volatility in this business means that we will not enjoy underwriting gains every year. But it is gratifying to see success in our underwriting when so many companies have difficulty with this fundamental part of the reinsurance business. (Chart 2)

CRL continues to audit the claim operations of its members. The purpose of these audits is to assure quality claims management by the members of CRL, with a focus on key issues of importance to CRL. We take an especially close look at claim reserves during these audits, with a goal of identifying our large claims as early as possible. We view these claim audits as an essential part of the underwriting process. Since loss history makes up a large portion of the company's pricing approach, we know that we will not price correctly if the claim reserves are incorrect. (Chart 3)

CRL Member and Net Premium Growth (Chart 1)



CRL Members (Chart 2)



Nine Year Comparison of Results (Chart 3)

Years Ending December 31,	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net Premiums Earned	\$ 995,773	\$ 3,918,954	\$ 3,944,881	\$ 4,146,792	\$ 3,853,446	\$ 5,029,130	\$ 9,019,816	\$ 13,187,947	\$ 14,812,328
Operating Income	\$ (17,948)	\$ (87,302)	\$ 77,561	\$ (477,331)	\$ (938,214)	\$ (1,716,469)	\$ (362,852)	\$ 1,515,615	\$ 528,587
Net Investment Income	\$ 61,213	\$ 242,025	\$ 437,167	\$ 666,527	\$ 717,866	\$ (650,030)	\$ 888,492	\$ 2,271,794	\$ 2,765,084
Net Income	\$ 43,265	\$ 154,723	\$ 514,728	\$ 189,196	\$ (220,348)	\$ (2,366,499)	\$ 525,640	\$ 3,787,409	\$ 3,293,671

At December 31,	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Assets	\$ 6,260,045	\$ 13,414,829	\$ 19,859,637	\$ 21,370,035	\$ 23,101,292	\$ 31,145,589	\$ 44,442,266	\$ 58,421,265	\$ 70,943,760
Total Liabilities	\$ 4,887,274	\$ 11,295,521	\$ 17,085,357	\$ 18,070,335	\$ 20,001,094	\$ 29,530,000	\$ 37,851,840	\$ 46,131,914	\$ 55,730,576
Total Member Equity	\$ 1,372,771	\$ 2,119,308	\$ 2,774,280	\$ 3,299,700	\$ 3,100,198	\$ 1,615,589	\$ 6,590,426	\$ 12,289,351	\$ 15,213,184
CRL Members	8	9	10	10	11	15	19	22	23



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Investment Results

CRL's investment portfolio generated a total return of 3.37% for the year. A composite return based on 70% of the portfolio in the Lehman Brothers Intermediate Government / Credit Index and 30% of the portfolio in the S&P 500 Index would have produced a return of 2.63%.

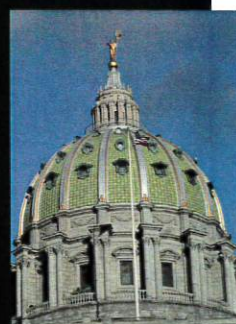
CRL's equity portfolio produced a total return of 7.2%, which compared favorably with the S&P 500 Index return of 4.89%. CRL's fixed income portfolio produced a total return of 1.36%, which was slightly below the Lehman Brothers Intermediate Government/Credit Index return of 1.57%. Our fixed income manager has taken a defensive position regarding rising interest rates, and that position accounted for the under performance. However, the decision to move funds from our fixed income portfolio to alternative investments two years ago has continued to produce results. The company's alternative investments produced returns of 6.26% for the year without increasing the overall portfolio's risk characteristics. (Chart 4)

Investment income adds a margin of safety to CRL's operations because the company's pricing approach does not assume any investment income. As CRL's Assets continue to grow, the cushion provided by investment income should also continue to grow, thereby improving the company's equity / surplus position, and allowing the consideration of a payment of dividends at some point in the future. (Chart 5)

## Net Income

CRL's Net Income for the year ending 12/31/05 was \$3,294,000. This is \$493,000 less than the \$3,787,000 recorded for the year ending 12/31/04, but nevertheless an excellent year. Net Income for the year included Operating Income of \$529,000 and Total Investment Income of \$2,765,000.

Dome of the state capital building in Harrisburg, Pennsylvania.



State capitol building in Montgomery, Alabama.



North Carolina state capitol building in Raleigh.

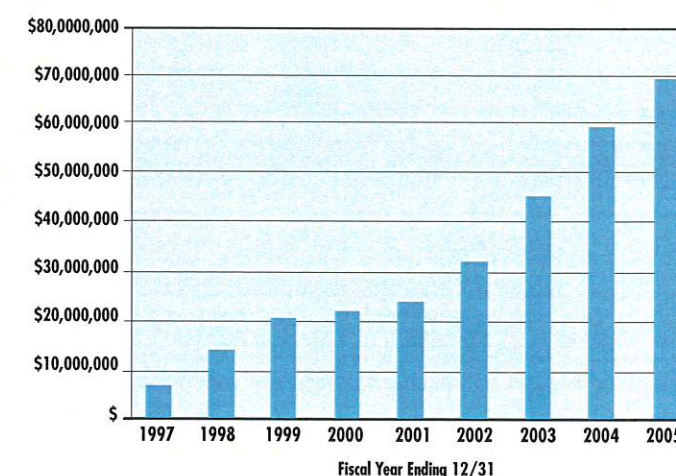
Doors of the state capital building in Frankfort, Kentucky.



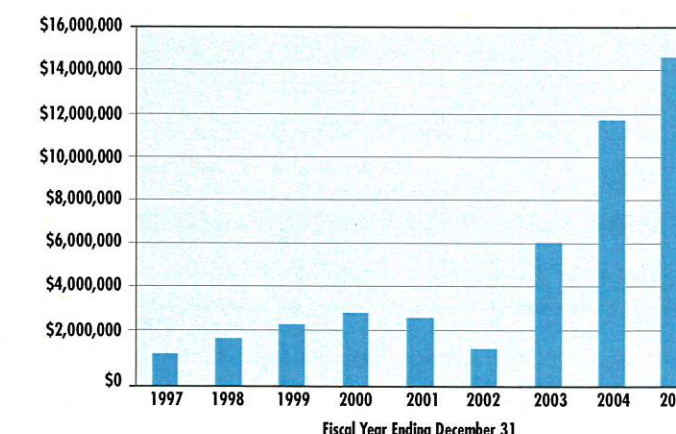
CRL Total Investment Return (Chart 4)

	Total	Equities	Fixed Income	Alternatives
1998	4.59%	0.36%	5.02%	N/A
1999	4.46%	16.10%	0.19%	N/A
2000	7.36%	-0.86%	10.10%	N/A
2001	4.92%	-11.46%	10.06%	N/A
2002	-3.22%	-27.62%	5.12%	N/A
2003	11.74%	36.43%	4.70%	N/A
2004	5.67%	13.81%	3.07%	4.14%
2005	3.37%	7.20%	1.36%	6.26%

Total CRL Assets (Chart 5)



CRL Member Equity (Chart 6)



## Contributed Capital

CRL receives contributed capital from two primary sources. First, the company requires a minimum ratio of capital to premium for each member. New members are required to contribute this capital upon joining the company, as a condition of membership. Current members may be required to contribute additional capital if a member's capital drops below minimum ratios. This requirement helps maintain CRL's surplus at acceptable levels, but also gives an ownership incentive to the members of the company. Second, the company may periodically receive capital contributed by members to its Special Surplus Fund. Required contributions to the Special Surplus Fund are established by the Board of Directors. Effective July 1, 2005, the company discontinued the requirement to make contributions to the Special Surplus Fund.

## Members' Equity

Members' Equity increased from \$12,289,000 to \$15,213,000. This improvement came from member capital contributions of \$296,000, Special Surplus Fund contributions of \$99,000, Accumulated Other Comprehensive Income of (\$765,000), and Retained Earnings of \$3,294,000. The Average Annual Return on Members' Equity was 20% for the year. (Chart 6)



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Reinsurance

CRL offers property, liability, and workers' compensation reinsurance to its members. The company has partnerships with additional reinsurance companies to add stability and capacity to its overall program. The company retrocedes 100% of premiums and losses for the property business to Discover Reinsurance Company, a subsidiary of St. Paul Travelers. Discover Reinsurance Company has an A.M. Best rating of A- (Excellent).

The company currently retains liability business between a member's self-insured retention and \$2,000,000. The company has a partnership with C.V. Starr & Co. for the liability business, and retrocedes premiums and claims for losses above this amount to the Insurance Company of the State of Pennsylvania, a member of the American International Group, Inc. The Insurance Company of the State of Pennsylvania has an A.M. Best rating of A+ (Superior).

CRL has a partnership with Safety National Casualty Corporation (SNCC) for its workers' compensation business. The company currently retains workers' compensation business between the member's self-insured retention and \$2,500,000. SNCC provides the remaining statutory limits for the program. In those states that require an admitted company, SNCC issues a policy directly to the CRL member, and CRL reinsures SNCC for its portion of the premium and losses. SNCC has an A.M. Best rating of A (Excellent).

Dome of the state capital building in Phoenix, Arizona.



Capitol building in Topeka, Kansas.



State capitol front facade in Little Rock, Arkansas.



State capitol building in Carson City, Nevada.



## MEMBERS OF COUNTY REINSURANCE, LIMITED

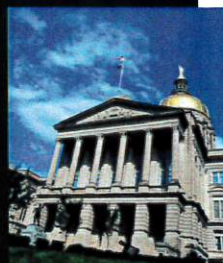
Arizona Counties Insurance Pool, represented by William Hardy	Nebraska Intergovernmental Risk Management Association II, represented by Craig Nelson
Association County Commissioners of Georgia Interlocal Risk Management Agency, represented by David Paulk	New Mexico Counties' Workers' Compensation Fund, represented by Ron Lethgo
Association County Commissioners of Georgia Self-Insurance Workers' Compensation Fund, represented by David Paulk	New Mexico County Insurance Authority Multi-Line Pool, represented by Ron Lethgo
Association of County Commissions of Alabama Liability Self-Insurance Fund, represented by O. H. "Buddy" Sharpless	New Mexico County Insurance Authority Law Enforcement Pool, represented by Ron Lethgo
Association of County Commissions of Alabama Workers' Compensation Self-Insurers Fund, represented by O. H. "Buddy" Sharpless	Nevada Public Agency Insurance Pool, represented by Wayne Carlson
Association of Arkansas Counties Workers' Compensation Trust, represented by Brenda Pruitt	North Carolina Association of County Commissioners Joint Risk Management Agency Workers' Compensation Fund, represented by David Thompson
Kansas County Association Multiline Pool, represented by Tom Job	North Carolina Association of Counties Liability and Property Insurance Pool Fund, represented by David Thompson
Kentucky Association of Counties Workers' Compensation Fund, represented by Joseph Greathouse	Pennsylvania Counties Risk Pool, represented by John Sallade
Local Government Property and Casualty Fund, represented by Robert Wormsley	Texas Association of Counties Workers' Compensation Self-Insurance Fund, represented by Jim Jean
Local Government Workers' Compensation Fund, represented by Robert Wormsley	Texas Association of Counties Risk Management Pool, represented by Jim Jean
Missouri Association of Counties Self-Insured Workers' Compensation Fund, represented by Rodney Miller	Utah Counties Insurance Pool, represented by Lester Nixon
Nebraska Intergovernmental Risk Management Association, represented by Craig Nelson	

## DIRECTORS AND OFFICERS OF COUNTY REINSURANCE, LIMITED

Mr. Ron Lethgo, Chairman New Mexico County Insurance Authority	Mr. David Thompson North Carolina Association of Counties
Mr. Jim Jean, Vice Chairman Texas Association of Counties	Mr. Craig Nelson Nebraska Intergovernmental Risk Management Association
Mr. David Paulk, Secretary Association County Commissioners of Georgia	Mr. John Sallade Pennsylvania Counties Risk Pool
Mr. Rodney Miller, Treasurer Missouri Association of Counties	Mr. Buddy Sharpless Association of County Commissions of Alabama
Mr. Andy Sargeant, Assistant Treasurer USA Risk Group of Vermont, Inc., (Resident Vermont Director)	Mr. Philip E. Bell, Executive Director County Reinsurance, Limited



Georgia state capital building in Atlanta.



State capitol building in Salt Lake City, Utah.



Front of the New Mexico state capitol building in Santa Fe.

## STANDING COMMITTEES OF COUNTY REINSURANCE, LIMITED

### Claims Committee

Mr. David Paulk, Chairman  
Ms. Susan Klakoff  
Mr. Craig Nelson  
Mr. John Sallade

### Investment Committee

Mr. Andy Sargeant, Chairman  
Mr. Wayne Carlson  
Mr. Tom Job  
Mr. Rodney Miller  
Mr. Bob Wormsley

### Underwriting Committee

Mr. Rodney Miller, Chairman  
Mr. Joe Greathouse  
Mr. Jim Jean  
Mr. Ron Lethgo  
Mr. David Thompson

### Audit Committee

Mr. Ron Lethgo, Chairman  
Mr. Jim Jean  
Mr. Rodney Miller  
Mr. Craig Nelson  
Mr. Lester Nixon

## SERVICE PROVIDERS OF COUNTY REINSURANCE, LIMITED

**Brokerage and Risk Management Services**  
Marsh USA, Inc.

**Captive Management and Accounting**  
USA Risk Group of Vermont, Inc.

**Claims Management Services**  
Alternative Service Concepts, LLC  
Professional Claims Managers, Inc.

**Consulting Actuary**  
By the Numbers Actuarial Consulting, Inc.

**Financial Auditor**  
Johnson Lambert & Company

**Legal Counsel**  
Morris, Manning & Martin LLP  
Primmer and Piper, P.C.

**Investment Advisor**  
Citigroup Institutional Consulting

## COUNTY REINSURANCE, LIMITED AUDITED FINANCIAL STATEMENTS

*Years ended December 31, 2005 and 2004  
with Report of Independent Auditors*

## CONTENTS

Report of Independent Auditors	1
<u>Audited Financial Statements</u>	
Balance Sheets	2
Statements of Income and Comprehensive Income	3
Statement of Changes in Members' Contributions and Surplus	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 18



## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
County Reinsurance, Limited

We have audited the accompanying balance sheets of County Reinsurance, Limited ("the Company") as of December 31, 2005 and 2004 and the related statements of income and comprehensive income, changes in members' contributions and surplus, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Reinsurance, Limited at December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Johnson Lambert & Co.*

Burlington, Vermont  
March 23, 2006

This page intentionally left blank



County Reinsurance, Limited

Statement of Changes in Members' Contributions and Surplus

For the years ended December 31, 2005 and 2004

	Members' Contributions	Accumulated Other Comprehensive Income	Retained Earnings	Total Members' Contributions and Surplus
BALANCE AT JANUARY 1, 2004	\$ 5,646,273	\$ 2,103,448	\$ (1,159,295)	\$ 6,590,426
Proceeds from members' contributions	1,961,320	-	-	1,961,320
Other comprehensive loss	-	(49,804)	-	(49,804)
Net income	-	-	3,787,409	3,787,409
BALANCE AT DECEMBER 31, 2004	7,607,593	2,053,644	2,628,114	12,289,351
Proceeds from members' contributions	395,606	-	-	395,606
Other comprehensive loss	-	(765,444)	-	(765,444)
Net income	-	-	3,293,671	3,293,671
BALANCE AT DECEMBER 31, 2005	\$ 8,003,199	\$ 1,288,200	\$ 5,921,785	\$ 15,213,184

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Cash Flows

	Year ended December 31,	
	2005	2004
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 3,293,671	\$ 3,787,409
Add (deduct) items not affecting cash		
Amortization of bond discount	395,292	213,158
Net realized gains on investments	(954,092)	(1,176,320)
Depreciation	1,803	560
Changes in assets and liabilities:		
Premiums receivable	386	3,813
Due to broker	(4,757)	(38,061)
Ceded reinsurance balances payable	-	454,000
Reinsurance recoverable - unpaid losses	639,909	659,713
Deferred policy acquisition costs	3,161	(3,824)
Prepaid reinsurance premiums	1,154,746	259,218
Other assets	(391,909)	(20,580)
Losses and loss adjustment expenses	9,475,510	7,389,438
Unearned premiums	(1,476,772)	730,100
Advance premiums	1,656,591	-
Ceded reinsurance balance payable	15,995	13,195
Accounts payable and accrued expenses	11,176	119,003
Premium taxes payable	(2,105)	579
Deferred ceding commission income	(81,733)	27,760
Net cash provided by operating activities	<u>13,736,872</u>	<u>12,419,161</u>
<b>Cash flows from Investing Activities</b>		
Cost of investments acquired	(30,957,116)	(36,123,230)
Proceeds from sales and maturities of investments	17,109,147	20,480,158
Cost of fixed assets purchased	(716)	(4,969)
Net cash used in investing activities	<u>(13,848,685)</u>	<u>(15,648,041)</u>
<b>Cash flows from Financing Activities</b>		
Proceeds from members' contributions	<u>395,606</u>	<u>1,961,320</u>
Net change in cash and cash equivalents	283,793	(1,267,560)
Cash and cash equivalents, beginning of year	<u>3,148,688</u>	<u>4,416,248</u>
Cash and cash equivalents, end of year	<u>\$ 3,432,481</u>	<u>\$ 3,148,688</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Notes to Financial Statements

Years ended December 31, 2005 and 2004

**Note A - Organization and Significant Accounting Policies**

*Organization*

County Reinsurance, Limited (CRL) was incorporated under the laws of the State of Vermont on June 20, 1997 and was issued a Certificate of Authority permitting it to transact the business of an industrial insured captive insurance company by the State of Vermont Department of Banking, Insurance, Securities and Health Care Administration (the Department) on June 24, 1997. CRL commenced operations on July 1, 1997. CRL assumes various casualty coverages from twenty-three and twenty-two public entity pools at December 31, 2005 and 2004, respectively. These public entity pools provide direct coverages to approximately 2,550 policyholders (2,500 in 2004) located in Alabama, Arkansas, Arizona, Georgia, Kansas, Kentucky, Missouri, Nebraska, Nevada, North Carolina, New Mexico, Pennsylvania, Tennessee, Texas and Utah at December 31, 2005. As of December 31, 2005 and 2004, premiums from the three largest pools represent approximately 39% and 44% of gross written premiums, respectively.

*Basis of Reporting*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Recognition of Premium Revenue*

Premiums assumed are earned ratably over the terms of the policies to which they relate. Premiums assumed relating to the unexpired portion of policies in force at the balance sheet date are recorded as unearned premiums. Premiums ceded pursuant to reinsurance agreements are expensed over the terms of the underlying policies to which they relate and are netted against earned premiums. Ceded premiums relating to the unexpired portion of underlying policies are recorded as prepaid reinsurance premiums.

*Losses and Loss Adjustment Expenses*

The liability for unpaid losses and loss adjustment expenses reported in the financial statements includes case basis estimates of reported losses, plus supplemental amounts for projected incurred but not reported losses (IBNR) calculated based upon loss projections utilizing actuarial studies of the members' own historical loss data for periods prior to and subsequent to the creation of CRL and industry data. In establishing its liability for losses and loss adjustment expenses, CRL utilizes the findings of an independent consulting actuary. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses at year end represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses; however, because of uncertainty associated with the limited population of insured risks, economic conditions, judicial decisions, legislation and others

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note A - Organization and Significant Accounting Policies (Continued)**

reasons, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

*Reinsurance Recoverable - Unpaid Losses*

Reinsurance recoverable is comprised of estimated amounts of losses and loss adjustment expenses unpaid which are expected to be recoverable from reinsurers pursuant to reinsurance agreements. Such amounts have been estimated using actuarial assumptions consistent with those used to estimate the related liability for unpaid losses and loss adjustment expenses. Management believes that the reinsurance recoverable as recorded represents its best estimate of such amounts; however, as changes in the estimated ultimate liability for losses and loss adjustment expenses are determined, the estimated ultimate amount receivable from reinsurers will also change. Accordingly, the ultimate receivable could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

CRL relies on facultative reinsurance agreements to limit its insurance risk as described further in Note B. In the event that any or all of the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, CRL would be liable for such defaulted amounts. In preparing financial statements, management makes estimates of the amounts recoverable from reinsurers, which includes consideration of amounts, if any, estimated to be uncollectible based on assessment of factors including management's assessment of the creditworthiness of the reinsurers. Management evaluated the creditworthiness of its reinsurers and determined that no specific valuation allowance was required at December 31, 2005 and 2004.

*Commission Income*

Commission income on business ceded to reinsurers and on excess workers' compensation business placed directly by the policyholders through reinsurers are deferred and earned over the terms of the underlying policies to which they relate. Commissions relating to the unexpired portion of the underlying policies in force at the balance sheet date are recorded as deferred ceding commission income.

*Deferred Policy Acquisition Costs*

Premium taxes and other costs of acquiring business are deferred and amortized over the terms of the underlying policies to which they relate.



County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note A - Organization and Significant Accounting Policies (Continued)**

*Investments*

Investments held by CRL consist of U.S. Treasury notes, obligations of U.S. government corporations and agencies, corporate bonds, an asset-backed security, and common stocks. These investments are classified as "available-for-sale" and are carried at their estimated fair values based on quoted market prices with unrealized gains and losses reported as a component of other comprehensive income/(loss) in members' contributions and surplus. Realized gains and losses are determined using the specific identification method.

Other-than-temporary impairment losses result in a permanent reduction of the cost basis of the underlying investment and are reflected as a realized loss. In evaluating potential impairments, management considers, among other criteria: the current fair value compared to amortized cost or cost, as appropriate; the length of time the security's fair value has been below amortized cost or cost; management's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in value; specific credit issues related to the issuer; and current economic conditions. No impairments were recorded during 2004 and 2005.

*Other Investments*

Other investments represent investments in four (three in 2004) futures limited partnership funds held through Smith Barney Citigroup. Investments in partnerships have been accounted for using the equity method based on the partnership's proportionate share of net assets of the invested limited partnership. In addition, the Company invests in two alternative funds that invest in derivative instruments. These funds are accounted for under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities". The gain or loss on the derivative instruments are recognized currently in earnings.

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note A - Organization and Significant Accounting Policies (Continued)**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, CRL considers money market funds and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are as follows:

	December 31,	
	2005	2004
Chittenden Checking Account	\$ 87,664	\$ 153,852
Smith Barney Cash & Money Market Accounts	3,344,817	2,994,836
Total	<u>\$ 3,432,481</u>	<u>\$ 3,148,688</u>

*Operating Lease Commitments*

CRL entered into a three year lease agreement, expiring November 30, 2006. Rent expense charged to operations and future minimum lease payments are described further in Note G.

*Furniture and Equipment*

Depreciation and amortization are recognized over their estimated service lives of depreciable assets. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes.

**Note B - Insurance Activity**

CRL assumes various casualty coverages, from the risk pools, on an occurrence and a claims-made basis, up to \$7 million in excess of the individual pool retentions, which range from \$250,000 to \$750,000 and the insured corridor layer where applicable. CRL limits its risks to the first two million per occurrence or claim through facultative reinsurance agreements with The Insurance Company of The State of Pennsylvania (member of American Insurance Group (AIG)). For the period from July 1, 2004 to July 1, 2005, CRL limited its risks through facultative reinsurance agreements with Discover Reinsurance and The Insurance Company of The State of Pennsylvania. Prior to July 1, 2002, CRL limited its risks to the first million per occurrence or claim through facultative reinsurance agreements with Discover Reinsurance. For policy period July 1, 2003 - July 1, 2004 CRL has a corridor layer to its casualty policies through which it retains an additional \$1 million excess \$1 million with a \$5 million annual aggregate. For policy period July 1, 2002 - July 1, 2003 CRL has a corridor layer to its casualty policies through which it retains an additional \$1 million excess \$1 million with a \$3 million annual aggregate. Effective July 1, 2004, defense costs can be within the limit of coverage, in addition to the limit of coverage capped at \$500,000, or in addition to the limit of coverage shared on a pro-rata basis with the member, but capped at \$500,000.



County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note B - Insurance Activity (Continued)**

CRL also assumed for certain members property coverage up to \$5 million inclusive of the individual pool retentions, which range from \$100,000 to \$250,000. This coverage was 100% ceded to Discover Reinsurance. This coverage was not renewed during 2005.

Currently, CRL assumes workers' compensation coverage from various public entity pools with limits up to \$2.5 million per occurrence inclusive of individual pool retentions which range from \$300,000 to \$750,000 and the insured corridor layer where applicable. CRL also assumes workers' compensation coverage for several other pools from Safety National Casualty Corporation (SNCC) on an occurrence basis with a limit of up to \$2.5 million inclusive of the individual pool retentions, which range from \$250,000 to \$750,000 and the insured corridor layer where applicable. Prior to July 1, 2005, CRL assumed workers' compensation coverage from various public entity pools from Safety National Casualty Corporation (SNCC) and United States Fidelity and Guaranty Company (USF&G). For policy period July 1, 2002 - July 1, 2003 CRL has a corridor layer to its casualty policies through which it retains an additional \$1 million excess \$1 million with a \$1.325 million annual aggregate. For policy period July 1, 2004 - July 1, 2005 CRL retains an additional \$750,000 excess \$2 million with an aggregate of \$750,000.

CRL provides a letter of credit for the benefit of USF&G in the amount of \$10,388,053 and \$9,949,705, as of December 31, 2005 and 2004, respectively. CRL pledged investments with a carrying value of \$10,388,053 and \$9,949,705 at December 31, 2005 and 2004, respectively, as collateral for this outstanding letter of credit.

CRL provides a letter of credit for the benefit of Safety National Casualty Corporation in the amount of \$1,350,000 and \$500,000 at December 31, 2005 and 2004, respectively. CRL pledged investments with a carrying value of \$1,350,000 and \$500,000 at December 31, 2005 and 2004, respectively, as collateral for this outstanding letter of credit.

CRL provides a letter of credit for the benefit of the Association of County Commissioners of Georgia Interlocal Risk Management Agency in the amount of \$5,035,536 and \$4,908,878 at December 31, 2005 and 2004, respectively. CRL pledged investments with a carrying value of \$5,035,536 and \$4,908,878 at December 31, 2005 and 2004, respectively, as collateral for this outstanding letter of credit.

CRL provides a letter of credit for the benefit of the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund in the amount of \$900,000 and \$684,423 at December 31, 2005 and 2004, respectively. CRL pledged investments with a carrying value of \$900,000 and \$684,423 at December 31, 2005 and 2004, respectively, as collateral for this outstanding letter of credit.

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note B - Insurance Activity (Continued)**

Effective July 1, 1997, CRL obtained aggregate stop loss reinsurance from USF&G to limit its total aggregate losses to \$5,655,000 per annum (\$16,965,000 over the three year period ending June 30, 2000), for the various casualty and workers' compensation coverages. This coverage was extended with attachment points at \$7,000,000 and \$14,250,000 for the 2000-2001, 2001-2002, policy years, respectively. CRL did not purchase aggregate stop loss coverage subsequent to the 2001-2002 policy period.

A reconciliation of assumed to net premiums, on both a written and an earned basis is as follows:

	2005		2004	
	Written	Earned	Written	Earned
Assumed	15,992,992	17,469,764	18,158,774	17,428,674
Ceded	(1,502,691)	(2,657,436)	(3,981,510)	(4,240,727)
Net Premiums	<u>\$ 14,490,301</u>	<u>\$ 14,812,328</u>	<u>\$ 14,177,264</u>	<u>\$ 13,187,947</u>

The components of the liability for losses and loss adjustment expenses and related reinsurance recoverable are as follows:

	2005	2004
Case-basis reserves	\$ 15,399,636	\$ 12,653,402
IBNR reserves	<u>31,655,913</u>	<u>24,926,637</u>
Gross reserves	47,055,549	37,580,039
Reinsurance recoverable	<u>(5,067,094)</u>	<u>(5,707,003)</u>
Net reserves	<u>\$ 41,988,455</u>	<u>\$ 31,873,036</u>



County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note B - Insurance Activity (Continued)**

Losses and loss adjustment expense activity is as follows:

	2005	2004
Liability as of January 1, net of reinsurance recoverable of \$5,707,003 and \$6,366,716	\$ 31,873,036	\$ 23,823,885
Incurred related to:		
Current year	12,914,165	11,425,582
Development of prior years	<u>1,054,764</u>	<u>(36,746)</u>
Total incurred during the year	<u>13,968,929</u>	<u>11,388,836</u>
Paid related to:		
Current year	(25,502)	(237,098)
Prior years	<u>(3,828,008)</u>	<u>(3,102,587)</u>
Total paid during the year	<u>(3,853,510)</u>	<u>(3,339,685)</u>
Liability as of December 31, net of reinsurance recoverable of \$5,067,094 and \$5,707,003	<u>\$ 41,988,455</u>	<u>\$ 31,873,036</u>

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note C - Investments**

The amortized cost or cost, gross unrealized gains, gross unrealized losses and estimated fair values of fixed maturity and equity securities are as follows:

	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>At December 31, 2005</u>				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 21,650,772	\$ 19,780	\$ (315,308)	\$ 21,355,244
Corporate bonds	17,949,363	41,817	(243,000)	17,748,180
Asset-backed security	59,288	1,221	-	60,509
Common stocks	<u>13,561,799</u>	<u>2,285,294</u>	<u>(501,606)</u>	<u>15,345,487</u>
Totals	<u>\$ 53,221,222</u>	<u>\$ 2,348,112</u>	<u>\$ (1,059,914)</u>	<u>\$ 54,509,420</u>
	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>At December 31, 2004</u>				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 18,068,651	\$ 159,198	\$ (95,042)	\$ 18,132,807
Corporate bonds	11,936,242	219,454	(29,218)	12,126,478
Asset-backed security	140,459	7,210	-	147,669
Common stocks	<u>9,837,019</u>	<u>1,843,856</u>	<u>(51,808)</u>	<u>11,629,067</u>
Totals	<u>\$ 39,982,371</u>	<u>\$ 2,229,718</u>	<u>\$ (176,068)</u>	<u>\$ 42,036,021</u>

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note C - Investments (Continued)**

Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations without penalty. The scheduled maturities of bond investments at December 31, 2005 are as follows:

	Amortized Cost or Cost	Estimated Fair Value
Maturity:		
In 2006	\$ 6,112,705	\$ 6,088,522
In 2007-2010	16,588,690	16,414,235
In 2011-2015	<u>16,898,740</u>	<u>16,600,667</u>
Subtotals	39,600,135	39,103,424
Asset-backed security	<u>59,288</u>	<u>60,509</u>
Totals	<u>\$ 39,659,423</u>	<u>\$ 39,163,933</u>

Management's estimate of other-than temporary declines in fair value for each investment is based upon analyst expectations of future market trends over a three to five year period and historical market trends for the preceding nine month period. Management determined that three securities had fair values which were below cost by more than 20% for a period in excess of nine consecutive months. Unrealized losses associated with these securities totaled \$25,873, as of December 31, 2005. Management deemed the unrealized loss on these securities as of December 31, 2005 to be temporary due to their belief that these securities will recover prior to sale.

**Note D - Other Investments**

Other investments consist of the following at December 31, 2005:

	Beginning Holding Value	Purchases At Cost	Unrealized Gain/(Loss)	Ending Holding Value
<b>Derivative Investments</b>				
Arden Endowment Fund	\$ 1,973,731	\$ 285,000	\$ 198,327	\$ 2,457,058
Austin Capital All Seasons Fund	<u>1,549,050</u>	<u>150,000</u>	<u>123,898</u>	<u>1,822,948</u>
Totals	<u>\$ 3,522,781</u>	<u>\$ 435,000</u>	<u>\$ 322,225</u>	<u>\$ 4,280,006</u>

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note D - Other Investments (Continued)**

	Beginning Holding Value	Purchases At Cost	Realized Gain/(Loss)	Ending Holding Value
<b>Investments in Limited Partnerships</b>				
Citigroup Fairfield Futures Fund L.P.II	\$ 490,797	\$ -	\$ (58,585)	\$ 432,212
Citigroup Diversified Futures Fund L.P.	537,350	130,000	(19,518)	647,832
Smith Barney Potomac Futures Fund L.P.	455,394	-	31,513	486,907
SSB AAA II Energy Futures Fund L.P.	<u>-</u>	<u>275,000</u>	<u>52,291</u>	<u>327,291</u>
Total	<u>\$ 1,483,541</u>	<u>\$ 405,000</u>	<u>\$ 5,701</u>	<u>\$ 1,894,242</u>

Other investments consist of the following at December 31, 2004:

	Cost	Unrealized Gain/(Loss)	Holding Value
<b>Derivative Investments</b>			
Arden Endowment Fund	\$ 1,900,000	\$ 73,731	\$ 1,973,731
Austin Capital All Seasons Fund	<u>1,486,000</u>	<u>63,050</u>	<u>1,549,050</u>
Totals	<u>\$ 3,386,000</u>	<u>\$ 136,781</u>	<u>\$ 3,522,781</u>



County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note D - Other Investments (Continued)**

	Cost	Realized Gain/(Loss)	Holding Value
<b>Investments in Limited Partnerships</b>			
Fairfield Futures Fund II L.P.	\$ 480,000	\$ 10,797	\$ 490,797
Citigroup Diversified Futures Fund L.P.	520,000	17,350	537,350
Smith Barney Potomac Futures Fund L.P.	<u>460,000</u>	<u>(4,606)</u>	<u>455,394</u>
Total	<u>\$ 1,460,000</u>	<u>\$ 23,541</u>	<u>\$ 1,483,541</u>

CRL invests in hedge and futures funds for diversification of its portfolio. The Arden Endowment Fund and Austin Capital All Seasons Fund are described as hedge funds. The objective of the Arden Endowment Fund is to provide investors with absolute returns on a consistent basis with limited volatility and limited beta to stocks and bonds. Their strategy to achieve this objective is through making allocations to a diversified selection of event-driven and relative value managers who are identified through a disciplined, research-driven investment process. The objective of the Austin Capital All Seasons Fund is to capture absolute returns while focusing on capital preservation. The fund utilizes a dynamic portfolio management strategy with a proprietary risk management model to achieve this objective and invests with a selection of alternative money managers that specialize in long and/or short equity strategies. The estimated fair value of these funds are determined by the investment advisors.

CRL also invested in three futures funds, Citigroup Fairfield Futures Fund L.P.II, Citigroup Diversified Futures Fund L.P., and Smith Barney Potomac Futures Fund L.P. for which it has .554%, .074% and .211% ownership interest, respectively during 2005 and .59%, .066% and .288% in 2004, respectively. In addition, during 2005, CRL began investing in SSB AAA II Energy Futures Fund L.P. for which it has a .071% ownership interest. The objective of these funds is to achieve substantial appreciation through speculative trading in U.S. and international markets. These funds may employ futures, options on futures, and forward contracts in those markets. Futures, forwards and options trading is speculative, volatile and involves a high degree of leverage. There are no liabilities associated with these limited partnerships as of December 31, 2005 and 2004.

County Reinsurance, Limited

Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note E - Federal Income Taxes**

CRL is a corporation formed to provide various types of reinsurance coverages solely to its members who are non-profit, risk-sharing pools of political subdivisions of states. CRL received approval to be tax exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Service Code. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

**Note F - Service Agreements and Related Party Transactions**

Accounting and reporting services, records retention and other management services are provided by USA Risk Group of Vermont, Inc. The National Association of Counties - Financial Services Center provides advertising and marketing services. Marsh Inc. provides brokerage and risk management services.

CRL employs an Executive Director, whose responsibilities include supervising all contractors, vendors and service providers engaged by CRL, and handling claims management. The Executive Director also contracts with service providers to provide claims management consultation and advice.

**Note G - Operating Lease Commitments**

CRL leases office space from Chad A. and Carrie L. Williams Trust. The office space is located at 2245 Lewisville Clemmons Road, Suite E, Clemmons, North Carolina, which expires on November 30, 2006. The lease is payable in equal monthly installments of \$925.

Total rent expense charged to operations approximated \$11,100 for 2005 and 2004. CRL also pays for its allocated electric and janitorial expenses. The total expense charged to operations was \$2,597 and \$3,999 for 2005 and 2004, respectively. Future minimum lease payments for all noncancellable operating leases due in 2006 are \$10,175.

**Note H - Furniture and Equipment**

At December 31, 2005 and 2004, furniture and equipment purchased is detailed as follows:

	2005	2004
Furniture and equipment purchased	\$ 9,275	\$ 8,558
Less: accumulated depreciation	<u>(2,364)</u>	<u>(560)</u>
Furniture and equipment, net	<u>\$ 6,911</u>	<u>\$ 7,998</u>

Depreciation expense of \$1,803 and \$560 for the years ended December 31, 2005 and 2004, respectively,



County Reinsurance, Limited  
Notes to Financial Statements (Continued)

Years ended December 31, 2005 and 2004

**Note H - Furniture and Equipment (Continued)**

is included in general and administrative expenses.

**Note I - Members' Contributions and Surplus**

In accordance with laws of the State of Vermont, for the purpose of submitting its financial statements to the State for regulatory purposes, County Reinsurance, Limited is required to use GAAP with the exception of variances prescribed by Vermont laws and regulations or permitted by the State of Vermont Department of Banking, Insurance, Securities and Health Care Administration (the Department). Pursuant to laws of the State of Vermont, County Reinsurance, Limited is required to maintain members' contributions and surplus of \$500,000.

CRL is owned by twenty-three and twenty-two members at December 31, 2005 and 2004, respectively. Each member pool made a contribution based on a percentage of its net reinsurance premium. Contributions totaled \$395,606 and \$1,961,320 in 2005 and 2004, respectively.

Upon a withdrawal or termination of a member, the member may request repayment of the original contribution plus a portion of CRL's earnings accumulated during its membership. The repayment may be granted at the discretion of the Board of Directors with prior approval from the Department.

Vermont law provides that no dividends may be paid to shareholders without prior approval of the Insurance Commissioner of the Department.

Net income and capital and surplus (members' contributions and surplus) as reported in the 2005 and 2004 Vermont Captive Insurance Company Annual Report and the corresponding amounts reported in these financial statements are reconciled as follows:

	2005		2004	
	Net Income	Capital and Surplus	Net Income	Capital and Surplus
As reported in the Annual Report	\$ 3,293,691	\$15,213,184	\$ 3,627,086	\$ 12,289,350
Realized gains on other investments	-	-	160,322	-
Rounding	(20)	-	1	1
As reported in the financial statements	<u>\$ 3,293,671</u>	<u>\$15,213,184</u>	<u>\$ 3,787,409</u>	<u>\$ 12,289,351</u>

**Editor:**  
Philip Bell,  
CRL Executive Director

**Design & Print Coordination:**  
Jantel Design, Inc.  
Atlanta, Georgia





**County Reinsurance, Limited**

2245 Lewisville Clemmons Road  
Suite E  
Clemmons, North Carolina 27012



**UTAH COUNTIES INSURANCE POOL**  
**Workers' Compensation Report**  
**All Years as of 8/31/06**

COUNTY	EFFECTIVE DATE	PREMIUMS		NUMBER of CLAIMS										TOTAL INCURRED			LOSS RATIO	
		2004	2005	2006	Open		Medical Only		Paid		Indemnity		Expense	2004	2005	2006 as of 8/31/06		
					Closed	Incurred	Closed	Incurred	Closed	Incurred	Closed	Incurred						
Cache	7/1/2004	34,560	96,747	115,129	20	54		55,741	43,932	4	3	138,078	106,666	3,122	49,507	129,495	16,368	90%
Carbon	1/1/2004	90,781	90,781	118,015	7	41		28,419	24,237	2	4	117,003	107,339	4,324	119,609	12,824	14,336	54%
Daggett	1/1/2004	13,232	23,010	26,922	1	7		1,563	1,373	0	0	0	0	0	436	719	500	3%
Duchesne	1/1/2004	35,820	49,837	62,296	9	20		17,800	13,651	0	1	9,061	8,998	63	18,233	2,361	6,402	20%
Emery	1/1/2004	49,785	49,785	64,721	2	17		5,713	4,827	1	2	56,486	54,957	1,529	53,192	7,889	1,500	42%
Garfield	1/1/2004	22,047	27,654	32,355	3	9		7,758	3,558	0	1	7,882	7,799	83	3,691	8,094	4,200	22%
Grand	1/1/2004	25,504	34,619	40,504	6	17		9,879	8,057	0	1	17,037	17,037	776	2,485	23,339	3,100	32%
Iron	1/1/2004	62,704	74,232	88,336	16	58		32,742	24,085	2	3	45,637	10,807	8,183	24,841	24,943	29,543	39%
Juab	1/1/2004	23,557	22,338	26,135	2	8		5,646	5,082	2	2	658,727	47,360	5,678	4,035	658,914	1,641	1015%
Kane	1/1/2004	10,547	26,694	31,232	3	8		4,764	1,872	0	1	4,282	4,282	22	711	4,385	4,000	15%
Millard	1/1/2004	54,271	79,191	92,653	14	32		80,055	44,451	1	1	13,174	10,152	163	15,981	19,829	58,552	46%
Morgan	1/1/2004	14,966	19,479	23,180	1	4		4,570	4,361	1	1	103,865	86,140	6,376	2,522	103,865	2,200	210%
Piute	2/1/2004	3,800	5,678	6,757	0	0		0	0	0	0	0	0	0	0	0	0	0%
Rich	2/1/2004	4,085	9,129	11,411	1	2		8,272	1,353	1	2	31,527	19,111	628	15,371	10,148	14,340	183%
San Juan	1/1/2004	26,820	49,540	61,925	1	38		15,024	13,524	2	7	76,200	57,144	2,522	29,790	59,366	2,671	75%
Sanpete	1/1/2004	21,096	21,183	27,538	0	5		1,221	1,221	0	1	65,821	45,689	3,783	66,274	527	261	107%
Sevier	1/1/2004	21,791	24,491	31,838	9	27		14,203	6,999	1	4	37,010	32,389	2,113	30,901	14,763	5,781	73%
Summit	1/1/2005	0	83,243	97,394	8	24		18,779	9,314	1	0	13,580	8,035	101	0	9,570	23,473	21%
Tooele	1/1/2005	0	97,983	114,640	13	20		14,553	5,541	2	9	25,475	74,758	68,528	3,923	76,065	13,575	51%
Uintah	1/1/2004	80,020	93,978	117,473	11	50		44,486	33,645	3	3	74,715	44,841	3,186	44,114	16,566	61,634	47%
Utah	4/1/2004	126,850	187,031	218,826	35	141		100,711	69,489	3	13	145,711	110,878	6,811	78,511	105,198	67,153	52%
Wasatch	1/1/2005	0	83,715	97,947	3	11		6,408	4,810	0	0	0	0	0	0	3,216	3,300	4%
Washington	6/1/2006	0	0	69,632	6	0		6,950	175	0	0	0	0	0	0	0	6,950	13%
Wayne	1/1/2004	5,719	5,719	6,691	0	1		155	155	0	1	29,489	26,286	740	158	29,489	0	180%
Weber	6/1/2004	178,296	370,776	433,808	33	130		79,743	58,158	3	8	131,869	102,595	4,937	25,297	133,696	54,958	24%
UCIP	1/1/2004	376	376	447	0	0		0	0	0	0	0	0	0	0	0	0	0%
Wasatch MH	7/1/2005	0	24,078	48,156	7	7		18,976	10,195	0	0	0	0	0	0	10,771	9,000	33%
TOTALS		906,626	1,651,287	2,065,962	211	731		584,131	394,065	29	68	1,802,629	983,263	123,668	589,585	1,466,032	405,438	60%



**UTAH COUNTIES INSURANCE POOL**  
**Workers' Compensation Report**  
This Year as of 8/31/06

COUNTY	PREMIUM 2006	NUMBER of CLAIMS YEAR TO DATE										TOTALS			LOSS RATIO
		Medical Only				Indemnity			Paid	Reserves	Incurred				
		Open	Closed	Paid	Incurred	Open	Closed	Paid				Incurred	Expense		
Cache	115,129	18	5	9,782	16,368	0	0	0	0	0	9,782	5,652	16,368	19%	
Carbon	118,015	5	5	2,254	5,382	2	0	3,599	8,954	14	5,867	4,353	14,336	16%	
Daggett	26,922	1	0	310	500	0	0	0	0	0	310	0	500	2%	
Duchesne	62,296	8	10	2,443	6,402	0	0	0	0	0	2,443	700	6,402	14%	
Emery	64,721	2	3	614	1,500	0	0	0	0	0	614	0	1,500	3%	
Garfield	32,355	3	0	0	4,200	0	0	0	0	0	0	0	4,200	17%	
Grand	40,504	6	0	778	3,100	0	0	0	0	0	778	0	3,100	10%	
Iron	88,336	15	13	3,720	11,877	1	0	512	17,666	1	4,233	6,806	29,543	45%	
Juab	26,135	2	2	1,077	1,641	0	0	0	0	0	1,077	0	1,641	8%	
Kane	31,232	3	0	1,109	4,000	0	0	0	0	0	1,109	0	4,000	17%	
Millard	92,653	13	1	15,445	49,670	1	0	5,948	8,882	75	21,468	8,521	58,552	84%	
Morgan	23,180	1	1	1,990	2,200	0	0	0	0	0	1,990	2,500	2,200	13%	
Piute	6,757	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Rich	11,411	0	0	0	0	1	0	2,544	14,340	8	2,552	0	14,340	168%	
San Juan	61,925	1	7	1,171	2,671	0	0	0	0	30	1,201	5,919	2,671	6%	
Sanpete	27,538	0	1	0	261	0	0	0	0	0	0	2,500	261	1%	
Sewer	31,838	8	3	2,077	5,781	0	0	0	0	32	2,109	2,776	5,781	24%	
Summit	97,394	8	3	429	9,893	1	0	8,035	13,580	101	8,565	5,958	23,473	32%	
Tooele	114,640	13	2	3,222	12,215	0	2	1,339	1,360	20	4,581	9,445	13,575	16%	
Uintah	117,473	11	4	3,569	14,410	3	0	19,121	47,224	1,415	24,105	17,688	61,634	70%	
Utah	218,826	32	17	14,245	42,542	2	0	12,234	24,611	274	26,753	30,791	67,153	41%	
Wasatch	97,947	3	1	1,702	3,300	0	0	0	0	0	1,702	450	3,300	4%	
Washington	69,632	6	0	175	6,950	0	0	0	0	0	175	0	6,950	13%	
Wayne	6,691	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Weber	433,808	30	22	10,302	30,638	2	0	4,755	24,320	23	15,080	5,477	54,958	17%	
UCIP	447	0	0	0	0	0	0	0	0	0	0	0	0	0%	
Wasatch MH	48,156	7	0	219	9,000	0	0	0	0	0	219	0	9,000	25%	
TOTALS	2,065,962	196	100	76,633	244,501	13	2	58,087	160,937	1,994	136,714	109,536	405,438	26%	



# UTAH COUNTIES INSURANCE POOL

## Multiline Claims Report

YTD as of 8/31/06

COUNTY	PREMIUM	NUMBER of CLAIMS YTD		TOTAL PAID	TOTAL RESERVES	TOTAL INCURRED	LOSS RATIO
		Open	Closed				
Beaver	61,521	1	3	3,031	10,000	13,031	16%
Box Elder	173,314	0	3	2,545	0	2,545	1%
Cache	203,591	2	6	26,222	7,692	33,914	12%
Carbon	139,908	0	7	13,818	0	13,818	7%
Daggett	41,036	0	3	2,220	0	2,220	4%
Davis	372,150	7	13	37,973	11,694	49,668	10%
Duchesne	120,698	1	6	42,897	10,704	53,602	33%
Emery	159,975	0	3	771	0	771	0%
Garfield	60,647	0	0	0	0	0	0%
Grand	95,233	1	2	12,310	6,594	18,904	15%
Iron	155,218	0	4	2,808	0	2,808	1%
Juab	108,545	0	6	15,439	0	15,439	11%
Kane	74,969	0	3	2,577	0	2,577	3%
Millard	139,835	0	2	4,405	0	4,405	2%
Morgan	48,946	1	2	1,479	5,000	6,479	10%
Plute	22,501	0	0	0	0	0	0%
Rich	44,761	0	2	1,840	0	1,840	3%
San Juan	153,145	2	2	6,987	2,662	9,649	5%
Sanpete	62,727	1	5	4,335	5,500	9,835	12%
Sevier	84,943	1	3	9,017	258,091	267,108	236%
Tooele	203,102	2	4	2,029	7,972	10,001	4%
Uintah	198,815	1	11	36,821	2,000	38,821	15%
Utah	447,677	7	20	60,469	79,309	139,778	23%
Wasatch	200,290	0	4	5,375	0	5,375	2%
Washington	233,638	5	13	23,454	16,867	40,322	13%
Wayne	40,897	0	1	14,592	0	14,592	27%
Weber	456,521	16	18	39,487	89,666	129,153	21%
UCIP	5,178	3	0	25,948	7,252	33,200	481%
Bear River HD	18,674	0	0	0	0	0	0%
Central HD	10,916	0	0	0	0	0	0%
Southeast HD	12,696	0	0	0	0	0	0%
Southwest HD	15,384	0	0	0	0	0	0%
Tooele HD	5,939	0	0	0	0	0	0%
Tri-County	8,603	1	0	0	2,000	2,000	17%
Wasatch HD	3,407	0	1	5,467	0	5,467	120%
Weber-Morgan	14,989	0	0	0	0	0	0%
<b>TOTALS</b>	<b>\$4,200,389</b>	<b>52</b>	<b>147</b>	<b>404,314</b>	<b>523,005</b>	<b>927,318</b>	<b>17%</b>



4

4



# UTAH COUNTIES INSURANCE POOL

## Multiline Claims Report

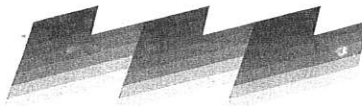
All Years as of 8/31/06

	Premiums															Total	Loss Ratio
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
52,448	59,488	62,415	58,398	59,350	57,972	60,076	62,378	65,378	69,954	68,196	70,907	70,907	70,907	60,785	61,521	940,172	19%
147,397	154,421	161,435	171,728	205,051	199,334	192,759	173,386	169,078	167,505	164,987	160,800	160,800	163,471	164,995	173,314	2,569,661	43%
141,388	148,126	155,132	182,941	217,715	222,812	217,311	201,590	194,768	194,552	187,070	198,194	198,194	211,900	198,563	203,591	2,875,653	42%
0	0	0	0	0	0	19,538	79,156	77,154	82,555	95,953	111,413	111,413	119,539	137,757	139,908	861,973	52%
0	0	0	0	0	0	0	0	39,500	36,735	36,653	41,250	41,250	41,793	40,545	41,036	277,512	35%
203,457	213,153	222,835	258,907	281,131	301,205	314,277	323,357	345,992	370,211	431,197	430,230	430,230	430,230	367,700	372,150	4,866,032	36%
89,256	93,510	97,757	91,464	95,455	98,610	99,079	99,203	104,173	111,465	114,153	94,179	94,179	119,029	119,255	120,698	1,547,286	44%
180,429	189,028	197,613	223,434	227,427	218,543	207,432	190,885	177,523	165,096	158,320	163,980	163,980	163,980	158,062	159,975	2,781,727	16%
47,724	49,998	52,269	59,711	64,768	69,109	66,532	62,825	64,368	64,364	64,670	68,171	68,171	68,171	59,922	60,647	923,249	14%
74,960	78,532	82,099	86,330	87,925	93,663	92,749	86,681	83,415	81,599	81,159	92,354	92,354	92,354	91,290	95,233	1,300,343	38%
101,817	106,669	111,514	130,435	168,363	166,260	159,345	147,452	143,039	140,837	138,724	138,399	138,399	151,767	153,363	155,218	2,113,202	32%
7,091	66,963	76,026	82,413	87,377	86,154	82,601	88,383	94,570	103,685	115,543	121,785	121,785	121,785	107,247	108,545	1,228,384	26%
30,904	65,070	69,654	65,171	66,234	64,211	61,361	55,592	58,795	62,911	68,292	75,166	75,166	80,309	74,072	74,969	972,712	21%
0	93,012	97,237	90,977	92,461	94,236	97,684	98,702	105,566	112,956	129,444	145,870	145,870	145,870	138,163	139,835	1,582,014	22%
0	0	0	0	0	0	0	0	0	0	0	55,504	55,504	55,504	48,361	48,946	208,316	19%
13,802	14,460	15,116	14,144	14,375	15,436	16,688	17,502	18,727	20,038	21,479	24,950	24,950	24,950	22,232	22,501	276,399	9%
35,000	36,668	38,333	35,866	36,451	38,797	38,492	36,229	35,251	37,073	36,931	42,009	42,009	44,138	44,226	44,761	580,225	64%
85,264	89,327	93,384	106,680	108,595	115,861	120,895	126,700	133,907	143,280	149,915	165,655	165,655	165,655	149,487	153,145	1,907,750	40%
72,363	75,812	79,255	90,537	101,226	97,316	92,364	86,520	83,655	80,766	79,315	82,776	82,776	82,776	61,977	62,727	1,229,384	25%
70,103	73,444	76,780	71,836	73,007	79,236	74,564	71,331	70,543	73,361	74,030	81,720	81,720	84,987	83,927	84,943	1,143,812	44%
161,445	169,139	176,821	203,375	0	0	0	0	0	0	0	0	0	182,679	182,679	203,102	1,279,240	39%
95,690	100,250	104,804	124,631	161,373	172,929	181,084	190,368	182,821	189,386	184,522	184,482	184,482	184,482	187,388	198,815	2,443,025	48%
183,749	197,906	207,163	238,272	274,562	303,934	317,837	323,894	346,567	370,827	414,951	466,001	466,001	490,563	442,324	447,677	5,026,227	45%
73,708	77,242	80,750	91,302	108,024	116,718	122,586	126,649	125,797	134,603	158,244	178,120	178,120	178,120	197,895	200,290	1,970,048	51%
124,196	130,115	136,025	158,044	193,030	195,913	201,767	180,979	176,172	176,543	183,409	234,403	234,403	241,739	230,845	233,638	2,796,817	44%
24,441	33,623	35,549	33,261	33,803	36,176	37,696	39,475	40,968	41,209	39,014	40,448	40,448	42,293	40,408	40,897	559,262	16%
0	0	0	0	0	0	131,874	219,831	235,219	251,684	392,513	451,062	451,062	451,062	518,721	456,521	3,108,487	60%
0	0	0	0	0	0	0	0	0	0	0	973	973	1,420	5,116	5,178	12,687	196%
0	0	0	0	0	0	0	0	0	0	0	8,979	8,979	17,957	17,957	18,674	63,567	2%
0	0	0	0	0	0	0	0	0	0	0	5,393	5,393	10,785	10,785	10,916	37,879	7%
0	0	0	0	0	0	0	0	0	0	0	6,272	6,272	12,544	12,544	12,696	44,056	0%
0	0	0	0	0	0	0	0	0	0	0	7,600	7,600	15,200	15,200	15,384	53,384	0%
0	0	0	0	0	0	0	0	0	0	0	2,934	2,934	5,868	5,868	5,939	20,609	0%
0	0	0	0	0	0	0	0	0	0	0	4,629	4,629	8,500	8,500	8,603	30,232	45%
0	0	0	0	0	0	0	0	0	0	0	1,683	1,683	3,366	3,366	3,407	11,822	35%
0	0	0	0	0	0	0	0	0	0	0	7,405	7,405	14,810	14,810	14,989	52,014	4%
2,009,541	2,256,084	2,420,903	2,663,470	2,752,739	2,845,648	3,010,144	3,082,286	3,166,759	3,274,080	3,576,825	3,959,456	4,300,502	4,300,502	4,176,336	4,200,389	47,695,163	38%









## UTAH ASSOCIATION OF COUNTIES

*A Unifying Voice for County Government*

September 15, 2006

Lester Nixon  
Utah Counties Insurance Pool  
P.O. Box 760  
6900 South 900 East, Suite 230  
Midvale, UT 84047

Dear Lester:

I have obtained the approval of our Executive Committee to pay the settlement amount which UAC and UCIP have agreed upon once the mutual release is signed.

I forwarded the release that you gave me to Karl Hendrickson for his advice concerning execution of the release by UAC. Karl correctly points out that UAC has never acknowledged that UCIP holds a claim for ownership in the building or any indebtedness as a result of such claim. He has prepared a revised release that is included which more accurately characterizes the release being entered into.

Once I have received the signed release back from you I will forward the check to UCIP immediately.

Sincerely,

L. Brent Gardner  
Executive Director



## MUTUAL RELEASE

This Mutual Release ("Release"), is executed this \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Utah Counties Insurance Pool, of 6900 South 900 East, Midvale City, Salt Lake County, State of Utah, and (hereinafter referred to as "UCIP"), and Utah Association of Counties, of 5397 South Vine Street, Murray City, Salt Lake County, State of Utah (hereinafter "UAC") and is intended to effect the elimination of any obligations either party as hereinafter designated.

### RECITALS:

WHEREAS, UCIP asserts a claim against UAC related to the purchase and ownership of certain property and subsequent improvements located at 5397 South Vine Street, Murray, Utah (the "Property") and more specifically described in Exhibit A, Legal description of Property, affixed hereto; and

WHEREAS, UAC disputes UCIP's claim of ownership with respect to the Property and asserts claim against UCIP for unpaid expenses and other matters which claim is disputed by UCIP; and

WHEREAS, UAC is hereby willing and ready to pay UCIP the sum of \$190,000 in return for UCIP's and UAC's execution of mutual releases of all claims each party may have against the other; and

WHEREAS, both parties recognize that by the execution of this mutual release, they are relinquishing their respective legal rights with reference to the herein mentioned disputes and differences;

### WITNESSETH:

NOW THEREFORE, for and in consideration of the payment of the aforementioned \$190,000, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. UCIP does hereby release, cancel, forgive and forever discharge UAC, each of its predecessors, heirs, successors and assigns, and all of their officers, directors and employees from all actions, claims, demands, damages, obligations, liabilities, controversies and executions, of any kind or nature whatsoever, whether known or unknown, whether suspected or not, which have arisen, or may have arisen, or shall arise by reason of any matter, cause or thing whatsoever, and UCIP does specifically waive any claim or right to assert any cause of action or alleged case of action or claim or demand which has, through oversight or error intentionally or unintentionally or through a mutual mistake, been omitted from this Release.
2. UAC does hereby cancel, forgive and forever discharge UCIP and each of its successors heirs, and assigns in all capacities whatsoever, including without limitation as an officer, director, employee, representative, designee, agent, and



trustee thereof, from all actions, claims, demands, damages, obligations, liabilities, controversies and executions, of any kind or nature whatsoever, whether known or unknown, whether suspected or not, which have arisen, or may have arisen, or shall arise by reason of any matter, cause or thing whatsoever, and does specifically waive any claim or right to assert any cause of action or alleged cause of action or claim or demand which has, through oversight or error, intentionally or unintentionally or through a mutual mistake, been omitted from this Release.

3. The provisions of this Agreement must be read as a whole and are not severable and/or separately enforceable by either party hereto.

IN WITNESS WHEREOF, THE UNDERSIGNED HAVE EXECUTED THIS release in as of the day, month, and year first set forth above.

UTAH COUNTIES INSURANCE POOL

By: \_\_\_\_\_  
Lester Nixon, Chief Executive Officer

UTAH ASSOCIATION OF COUNTIES

By: L. Brent Gardner  
L. Brent Gardner, Executive Director



EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Real Property located in Salt Lake County, State of Utah, to-wit:

A parcel of land in fee, being part of an entire tract of property situate in the Southwest quarter of Section 8, and the Northwest quarter of Section 17, Township 2 South; Range 1 East, Salt Lake Base and Meridian.. The boundaries of said part of an entire tract are described as follows: BEGINNING at the Southwesterly corner of said entire tract at a point in the Easterly right of way line of Vine Street, which point is 127.97 feet South and 296.60 feet East of the Southwest corner of said Section 8; thence North 0°00'15" West 131.35 feet along said Easterly right of way line; thence North 4°50'31" West 215.72 feet along said easterly right of way line to a point in the arc of a 23.50 foot radius curve to the right; thence Northeasterly 26.71 feet along the arc of said curve (chord bears North 58°50'04" East 25.29 feet) to the Southerly right of way line of Woodoak Lane; thence South 88°36'30" East 235.61 feet along said Southerly right of way line; thence South 0°00'15" East 351.90 feet to a Southerly boundary line of said entire tract; thence South 89°34'35" West 239.00 feet along said Southerly boundary line to the point of BEGINNING.

## MUTUAL RELEASE

This Mutual Release ("Release"), is executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between, Utah Counties Insurance Pool, of 6900 South 900 East, Midvale City, Salt Lake County, State of Utah, and (hereinafter referred to as "UCIP"), and Utah Association of Counties, of 5397 South Vine Street, Murray City, Salt Lake County, State of Utah (hereinafter "UAC") and is intended to effect the elimination of any obligations of either party as hereinafter designated.

### RECITALS:

WHEREAS,UCIP holds claim against UAC for certain indebtedness of UAC related to an agreement or mutual understanding between the parties above-named (hereinafter referred to as the "Indebtedness") over the purchase of certain property and subsequent improvements located at 5397 South Vine Street, Murray, Utah and more specifically described in Exhibit A, Legal description of Property, affixed hereto; and

WHEREAS, disputes and differences have arisen between the parties with respect to said Indebtedness; and

WHEREAS, UAC is hereby willing and ready to pay UCIP the sum of \$190,000 in return for a release of its Indebtedness to UAC; and

WHEREAS, both parties recognize that by the execution of this mutual release, they are relinquishing their respective legal rights with reference to the herein mentioned disputes and differences;

### WITNESSETH:

NOW THEREFORE, for and in consideration of the payment of the aforementioned \$190,000, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. UCIP does hereby release, cancel, forgive and forever discharge UAC, each of its predecessors, heirs, successors and assigns, and all of their officers, directors and employees from all actions, claims, demands, damages, obligations, liabilities, controversies and executions, of any kind or nature whatsoever, whether known or unknown, whether suspected or not, which have arisen, or may have arisen, or shall arise by reason of the Indebtedness, and UCIP does specifically waive any claim or right to assert any cause of action or alleged case of action or claim or demand which has, through oversight or error intentionally or unintentionally or through a mutual mistake, been omitted from this Release.

2. UAC does hereby release, cancel, forgive and forever discharge UCIP, and each of its successors heirs, and assigns in all capacities whatsoever, including without limitation as



an officer, director, employee, representative, designee, agent, and trustee thereof, from all actions, claims, demands, damages, obligations, liabilities, controversies and executions, of any kind or nature whatsoever, whether known or unknown, whether suspected or not, which have arisen, or may have arisen, or shall arise by reason of any matter, cause or thing whatsoever, and does specifically waive any claim or right to assert any cause of action or alleged cause of action or claim or demand which has, through oversight or error, intentionally or unintentionally or through a mutual mistake, been omitted from this Release.

3. The provisions of this Agreement must be read as a whole and are not severable and/or separately enforceable by either party hereto.

IN WITNESS WHEREOF, the undersigned have executed this Release in as of the day, month, and year first set forth above.

UTAH COUNTIES INSURANCE POOL

By: \_\_\_\_\_  
Lester Nixon, Chief Executive Officer

UTAH ASSOCIATION OF COUNTIES

By: \_\_\_\_\_  
Brent Gardner, Executive Director

## EXHIBIT A

### LEGAL DESCRIPTION OF PROPERTY

Real Property located in Salt Lake County, State of Utah, to-wit:

A parcel of land in fee, being part of an entire tract of property situate in the Southwest quarter of Section 8, and the Northwest quarter of Section 17, Township 2 South; Range 1 East, Salt Lake Base and Meridian.. The boundaries of said part of an entire tract are described as follows: BEGINNING at the Southwesterly corner of said entire tract at a point in the Easterly right of way line of Vine Street, which point is 127.97 feet South and 296.60 feet East of the Southwest corner of said Section 8; thence North 0°00'15" West 131.35 feet along said Easterly right of way line; thence North 4°50'31" West 215.72 feet along said easterly right of way line to a point in the arc of a 23.50 foot radius curve to the right; thence Northeasterly 26.71 feet along the arc of said curve (chord bears North 58°50'04" East 25.29 feet) to the Southerly right of way line of Woodoak Lane; thence South 88°36'30" East 235.61 feet along said Southerly right of way line; thence South 0°00'15" East 351.90 feet to a Southerly boundary line of said entire tract; thence South 89°34'35" West 239.00 feet along said Southerly boundary line to the point of BEGINNING.





## **AGENDA ITEM SUMMARY**

### ***Item Description***

Approve assignment of property excess/reinsurance markets and authorize the Chief Executive Officer to solicit quotes

### ***Background, Discussion***

I have been approached by different brokers offering to quote our property coverage. Assigning markets to brokers controls how much confusion there is created in a limited marketplace when obtaining quotes. I asked three brokers to provide me with a list of markets they would like to approach. (See attached) I then went through the lists and assigned the markets as closely as possible per their request. (See attached list prepared by me.)

I have approached one market, Genesis, that will quote directly to me as a qualified buyer without a broker. We will also obtain a quote from CRL, if available.

### ***Recommendation***

Staff recommends approval.



## Lester Nixon

---

**From:** Lombard, Bob [lombard\_bj@willis.com]  
**Sent:** Tuesday, September 05, 2006 10:02 AM  
**To:** Lester Nixon  
**Subject:** UCIP Property Submission

Good morning Lester.

I hope you had a good weekend. We have checked with our markets and would appreciate the opportunity to submit both the property and workers compensation coverages to the following markets:

Property:

1. Travelers
2. Lloyd's
3. Allianz
4. Chubb
5. AIG
6. Lexington

Workers' Compensation:

1. Midwest Employers
2. Discover Re

These markets are listed in order of preference per our conversation last week. We would also appreciate the following information for each line of coverage:

For Property Submission:

1. Annual Report
2. Property Specifications - Limits, structure and retention
3. Electronic SOV by Member (Excel)
- 5.. Five Years Currently Valued Loss Runs including details of losses \$25,000 and higher (electronic and manipulatable (Excel), if possible)
6. Copy of Coverage Document
- 7 Audited Financial Statements (2 years)
8. Most recent Actuarial Report
9. Earthquake Modeling Study

For WC Submission:

1. Overview of Pool
2. WC Specifications - Limits, structure, retention
5. Completed Application - I will forward a copy
6. Five Years Historical Information (Payrolls, Limits, SIR's)
7. Five Years Currently Valued Loss Runs including details of losses \$25,000 and higher (electronic and manipulatable (Excel), if possible)
8. Audited Financial Statements (2 years)
9. Most recent Actuarial Report
10. Utah Statutes Information
11. Employee concentration information

We will put both submissions into an electronic format and provide the information via a website to the appropriate

9/15/2006

underwriters. You will be provided access to the submission so that you can view how we represent UCIP in the insurance marketplace.

I look forward to working with you and will follow up early next week.

Thanks and feel free to call with any questions.

Sincerely,

Bob Lombard  
Managing Partner  
Willis CAPS  
Office: 775-323-1656 Ext. 19  
Cell: 775-848-6335  
lombard\_bj@willis.com

---

The information in this email and in any attachments is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your systems and notify the sender immediately. You should not retain, copy or use this email for any purpose, nor disclose all or any part of its content to any other person.

--

No virus found in this incoming message.

Checked by AVG Free Edition.

Version: 7.1.405 / Virus Database: 268.11.7/437 - Release Date: 9/4/2006

9/15/2006



## Lester Nixon

---

**From:** Jeff.R.Larsen@marsh.com  
**Sent:** Monday, September 18, 2006 5:58 PM  
**To:** Lester Nixon  
**Subject:** Fw: UCIP

1. The following are the markets we will approach for the January renewal.

Affiliated FM  
London (P3) - Marsh proprietary market  
Lexington (AIG)  
Zurich  
Allianz  
Chubb  
St Paul Travelers  
Crum & Forster

2. Brad Harmes indicates he will try to get you in the Marsh dinner group for Thursday evening at your jointly attended conference. Perhaps he has called you today.

Have a great trip!

Jeff

\*\*\*\*\*

This e-mail transmission and any attachments that accompany it may contain information that is privileged, confidential or otherwise exempt from disclosure under applicable law and is intended solely for the use of the individual(s) to whom it was intended to be addressed. If you have received this e-mail by mistake, or you are not the intended recipient, any disclosure, dissemination, distribution, copying or other use or retention of this communication or its substance is prohibited. If you have received this communication in error, please immediately reply to the author via e-mail that you received this message by mistake and also permanently delete the original and all copies of this e-mail and any attachments from your computer. Thank you.

\*\*\*\*\*

--

No virus found in this incoming message.

Checked by AVG Free Edition.

Version: 7.1.405 / Virus Database: 268.12.5/450 - Release Date: 9/18/2006



Arthur J. Gallagher Risk Management Services

*Via Telefacsimile & U.S. Mail*  
**801.568.0495**

September 7, 2006

Lester Nixon, CPCU  
Chief Executive Officer  
Utah Counties Insurance Pool  
P.O. Box 760  
6900 South 900 East, Suite 230  
Midvale, UT 84047

**Re: Property Markets**

Dear Lester:

It was good speaking with you. Further to our telephone conversation, below are the best property markets for pools:

1. RSUI
2. Travelers
3. Allianz
4. AXIS (layered program)
5. Ace Westchester
6. Lexington
7. Chubb
8. Genesis (layered program)
9. FM Global
10. Munich Re
11. Hartford
12. HSB Re (AIG) (layered program)

My top preferences in order are carriers numbers 1-8.

As we discussed, we would welcome the opportunity to work with you again. If you have any other questions or if there is anything I can do to help, please do not hesitate to let me know.

Sincerely,

John Chino  
Area Senior Vice President

15 Enterprise, Suite 200  
Aliso Viejo, CA 92656  
949.349.9800  
Fax 949.349.9900  
License# 0726293  
www.ajg.com

SEP 13 2006



## **ASSIGNED MARKETS**

### **WILLIS**

- Travelers
- Chubb
- Lloyd's
- AIG (not Lexington)

### **GALLAGHER**

- RSUI
- Allianz
- AXIS
- ACE Westchester
- Munich RE
- Hartford

### **MARSH**

- Affiliated FM
- Lexington (AIG)
- Zurich
- Crum and Forster

## **AGENDA ITEM SUMMARY**

### ***Item Description***

Approve RFP to solicit proposals from audit service providers

### ***Background, Discussion***

Staff has prepared the attached RFP for audit services. Proposals would be due by October 31, 2006. First audit period would be the fiscal year ending December 31, 2006.

### ***Recommendation***

Staff recommends approval.





***UTAH COUNTIES INSURANCE POOL***

***Notice to Bidders***

***AUDIT SERVICE CONTRACT  
Request for Proposal (RFP)***

The **Utah Counties Insurance Pool (UCIP)** will be accepting sealed Proposals for the purpose of obtaining a qualified Certified Public Accountant to perform the financial audit of UCIP.

Proposals must be received by the Chief Executive Officer of UCIP no later than October 31, 2006. Failure to deliver Proposal on time will result in rejection of the Proposal.

Inquiries regarding this Proposal may be directed in writing to:

Lester Nixon, CEO  
Utah Counties Insurance Pool  
P.O. Box 760  
6900 South 900 East  
Midvale, UT 84047  
801-565-8500



## ***GENERAL TERMS AND CONDITIONS OF PROPOSALS***

(These items apply to and become a part of the proposal. No exceptions to these terms & conditions will be considered.)

1. Proposals must be submitted on this form only, including a signature of authorized agent. Be sure envelope is completely and properly identified and sealed.
2. No Proposer may withdraw his/her proposal for a period of thirty (30) days after the date and hour set for the opening of proposals.
3. The Proposer shall show in the proposal both the unit prices and total amount, where required, of each item listed. In the event of error or discrepancy in the mathematics, the unit prices shall prevail.
4. Any exceptions or deviations from written specifications shall be shown in writing and attached to the Proposal form.
5. **The enclosed forms regarding non-collusion and financial interest must be signed, notarized and returned with the Proposal.**
6. **UCIP reserves the right to reject any and all Proposals and to waive any technicalities in the Proposal.**
7. Proposal price shall be valid for a period of sixty (60) days after the opening date.

## ***AWARD OF PROPOSAL***

***This Proposal shall be awarded to the firm whose proposal is judged most responsive to the Proposal and is most advantageous to UCIP, considering the factors identified in the Proposal.***

- 1) The UCIP Board of Trustees shall have the authority to award the contract.
- 2) The contract shall be awarded to the lowest secure Proposer meeting specifications. In determining "lowest secure proposer", in addition to price, the following factors shall be considered:
- 3) The ability, capacity, skill and experience of the Proposer to fulfill the terms of the contract or provide the service required.
- 4) Whether the Proposer can fulfill the terms of the contract or provide the service promptly or within the time specified without delay or interference.
- 5) The character, integrity, reputation, judgment, experience and efficiency of the Proposer.
- 6) The quality of fulfillment of the terms of previous contracts or services.
- 7) The previous and present compliance of the Proposer with laws and ordinances relating to the contract or service.
- 8) The sufficiency of the financial resources and ability of the Proposer to fulfill the terms of the contract or provide the services required.
- 9) The quality, availability and adaptability of the contractual services to the particular use required.
- 10) The number and scope of the conditions attached to the Proposer.



# ***AUDIT SERVICE CONTRACT***

## ***Specifications***

### ***REQUEST FOR PROPOSAL (RFP) #22-002***

#### **SECTION I – GENERAL SPECIFICATIONS**

Utah Counties Insurance Pool (UCIP or the Pool) was incorporated in December, 1991, as the Utah Association of Counties Insurance Mutual, or UACIM, or the Mutual. In July, 2003, the Mutual was renamed the Utah Counties Insurance Pool. UCIP is a public agency insurance mutual exempt from most insurance statutes of the State of Utah per 31A-1-103(7). For audit purposes UCIP is an interlocal entity formed under UCA 11-13-101 et seq, as amended. UCIP is a joint program to provide for the pooling of risks among the counties of Utah and their related entities. All of the pool's business is conducted in Utah.

UCIP maintains its internal accounting records on a modified cash basis (for budgetary accounting purposes) during the year. At year end, UCIP staff prepares and posts the necessary journal entries to convert the records to GAAP. The conversion results in the reporting of governmental funds on the modified accrual basis of accounting and current financial resources measurement focus. UCIP implemented GASB Statement No. 34 in fiscal year 2005.

#### **SECTION II – SERVICES REQUIRED**

##### **A. General**

UCIP is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2006. It is anticipated that the firm selected to serve as UCIP's independent auditor will be retained for at least three (3) years, with annual evaluations made of the firm's services. These audits are to be performed in accordance with generally accepted standards as required by the Federal Single Audit Act and OMB A-128 or A-133, as applicable, and the Audits of Political Subdivisions Act, UCA 51-2 et seq, as amended.

##### **B. Scope of Work**

UCIP desires the auditor to audit all UCIP financial statements to express opinions on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles.

The Management Discussion and Analysis and budgetary comparison schedules will be presented as required supplementary information. The auditor will be responsible for

applying certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, the auditor is not expected to audit the information nor express an opinion on it.

The independent accounting firm should be familiar with the State of Utah statutes dealing with financial matters of political subdivisions.

C. Other Considerations

In addition to the opinions on the basic financial statements, the auditor will be required to issue the by-product report on internal control and compliance over financial reporting in accordance with Government Auditing Standards. A separate management letter shall be prepared by the firm setting forth findings and recommendations relative to other internal control findings, fiscal affairs and other significant observations of the accounting firm during the course of the audit. All reports required by the Single Audit Act and OMB Circular A-133 must be provided.

The accounting firm will be readily available to answer questions throughout the year and meet with UCIP staff if requested.

D. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by UCIP of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties:

- UCIP
- Parties designated by the federal or state government or by UCIP as part of an audit quality review process
- Auditors of entities with which UCIP transacts primary insurance, excess insurance, or reinsurance

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

### **III. REPORT REQUIREMENTS AND RESPONSIBILITIES**

UCIP staff will prepare end of year adjusting entries and will prepare working trial balances for the auditor. UCIP staff may also prepare confirmations and certain schedules at year end which assist the external accounting firm. UCIP staff will be available during the audit to assist the audit firm by providing information, documentation and explanations.



UCIP will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to all telephone lines and photocopying facilities.

The auditor will be responsible for providing any proposed adjusting entries to the UCIP CEO for review and acceptance. The audit firm will also provide a list of immaterial audit differences not proposed for adjustment. Once the audit is completed, the audit firm will supply UCIP with 20 copies of signed audit opinions and related reports. These reports must be submitted prior to April 30, 2007.

The firm will present the final report to an audit committee and/or the UCIP Board of Trustees. The firm will file the report with the Office of the State Auditor before June 30, 2007.

#### IV. THE SELECTION PROCESS

A. UCIP management will review all proposals and score each firm's proposal using the Proposal Specifications Evaluation Check List (see Exhibit 1). UCIP staff may contact selected references provided by the accounting firm.

After the proposals have been scored and ranked based on qualifications and responsiveness, the sealed cost information will be opened and the firms will be ranked based upon their total all-inclusive maximum price. The two rankings will then be compared and an accounting firm will be recommended to the UCIP Board of Trustees.

B. Proposals should be structured in substantially the same format and order listed below:

- **Table of Contents**-Include a clean identification of the material by section and page number.
- **Scope**-Clearly define your understanding of the scope of services required.
- **Personnel**-Identify the supervisors, including audit in-charge or senior accountants *who will work* on the audit. Identify staff from other than the proposing office and list their home office(s). Resumes for each supervisory person assigned to the audit should be included and specific expertise indicated. Resumes may be included as an appendix. Include name and phone number of the person authorized to answer questions about the proposal.

- **Audit Approach**-Clearly define the firm's approach to conducting the audits.
- **Profile of the Firm**-State whether your firm is local, national or international. Give the location of the office from which the work is to be done and the number of partners, managers, seniors and other professional staff employed at that office. Describe the range of activities performed by the local office in the governmental area.
- **Governmental Experience**-Describe *local* office auditing experience for the last three (3) years similar to the type of audit requested and give names of current clients. Provide names and telephone numbers of client officials responsible for those audits listed. Before the acceptance of the firm's engagement letter, the successful accounting firm must certify to UCIP that the audit staff assigned to this audit has met the Government Auditing Standards requirements for continuing education.
- **Additional Data**-Give any additional information considered essential to this Proposal. Firms are requested to include results of their most recent external quality control review, including any letter of comments. Firms are encouraged to explain how they are able to assist UCIP in implementing new accounting pronouncements.

#### C. Fee Proposals

Fee Proposals submitted in response to this RFP should be a maximum all-inclusive price to perform the audit. The sealed cost information should include a total price for the audit for the 2007 fiscal year and an estimate for each of the two succeeding fiscal years. Include in the proposal a minimum of the following information:

- Budgeted hours by type of staff
- Hourly rate proposed by type of staff
- Total not-to-exceed fee, including expenses

Fee Proposals should be sealed in a separate envelope labeled "Cost Information". The envelope should bear the firm's name and a return address.

#### D. Other

All statements made in the audit proposal may be incorporated by reference in the audit contract.

All proposing firms may make an on-site visit before their proposal is submitted. To schedule a site visit, contact the CEO. Contact with any members of the UCIP Board of Trustees regarding this RFP may be grounds for elimination from the selection process.



Progress payments will be made on the basis of hours worked and interim billings shall cover a period of not less than a calendar month.

#### **V. INSTRUCTIONS FOR PROPOSAL SUBMITTAL**

Two (2) copies of your proposal, including *sealed* cost information, must be submitted to Chief Executive Officer, UCIP, P.O. Box 760, Midvale UT 84047. Failure to deliver Proposal on time will result in rejection of the Proposal.

The attached "Bidder's Affidavit" must accompany your proposal. It may be included as an appendix.

***UCIP reserves the right to reject any and/or all Proposals.***

## ***EXHIBIT I***

### ***Proposal Specifications Evaluation Check List***

**Firm:** \_\_\_\_\_

<b><u>Criteria</u></b>	<b><u>Points</u></b>
1. Understanding of scope of services (0-15)	
a. Does the proposal exhibit a clear understanding of the extent of work and coordination involved in the audit engagement?	0-10
b. Is the hourly breakdown sufficient to provide for adequate audit work and supervision?	0-5
2. Qualifications of staff to be assigned to the audit engagement (0-40)	
a. Do the audit supervisors, i.e. seniors, managers and partners have prior City or other local government audit experience within the last three years?	0-8
b. Do the audit supervisors have CPA certificates?	0-2
c. Is the firm registered with the Utah Accountancy Board?	0-3
d. Does the firm provide its staff with continuing education in the government sector that meets the requirements of <u>Government Auditing Standards</u> ?	0-6
e. Are the key staff to be assigned to the audit engagement located so that they will be available for consultation throughout the year?	0-3
f. Has the firm submitted an external quality control system review and any letter of comments?	0-3
g. Are there any deficiencies in the external quality control system review program?	0-15



3. Commitment to government accounting and auditing (0-20)
  - a. Is the proposing office involved in governmental organizations such as GFOA and Utah Association of Counties? 0-4
  - b. Does the proposing office exhibit a clear understanding of GAAP for government? 0-6
  - c. Does the proposing office have other local governments in Utah as favorable references for their audit services? 0-10
4. Audit approach and plan (0-13)
  - a. Is the audit plan specific and tailored to the UCIP? 0-4
  - b. Does the proposal exhibit an appreciation for the UCIP's needs? 0-3
  - c. Is the firm able to meet the time deadlines? 0-3
  - d. Does the firm have a clear understanding of the extent of participation in the audit work by UCIP staff? 0-3
5. Single Audit (0-10)
  - a. Has the proposing office performed single audits in Utah or elsewhere? 0-4
  - b. If yes to (a) above, is the person who was in charge of that engagement available regularly to assist in the UCIP's single audit? 0-3
  - c. Does the firm exhibit a clear understanding of single audit requirements? 0-3
6. Other considerations (0-10)
  - a. Is the proposing office sufficiently staffed with experienced accountants needed to conduct the audit engagement? 0-4

- b. Is the proposal neat and well organized? 0-2
- c. Is the proposal in the format and order recommended in the RFP? 0-2
- d. Did the firm follow all instructions in submitting the proposal and sealed "Cost Information" envelopes? 0-2



## NON COLLUSION AFFIDAVIT

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss

\_\_\_\_\_, of lawful age, being first sworn on oath says that (s)he is the agent authorized by the bidder to submit the attached bid. Affiant further states that the bidder has not been a party of any collusion amount with bidders in restraint of freedom of competition by agreement to bid at a fixed price or refrain from bidding; or with State, County, or City officials or employees as to the quantity, quality, or price in prospective contract, or any other terms of said prospective contract; or in any discussions between bidder and any State, County, or City official concerning exchange of money or any other thing of value for special consideration in the letting of a contract.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

## BUSINESS RELATIONSHIP AFFIDAVIT

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss

\_\_\_\_\_, of lawful age, being first duly sworn on oath that (s)he is the agent authorized by the bidder to submit the attached bid. Affiant further states that the nature of any partnership, joint venture, or other business relationship presently in effect of which existed within one (1) year prior to the date of this statement which the architect, engineer, or other part of the project is as follows:

\_\_\_\_\_  
\_\_\_\_\_

Affiant further states that any such business relationship presently in effect or which existed within one (1) year prior to the date of this statement between any official or director of the architectural or engineering firm or any other party to the project is as follows:

\_\_\_\_\_  
\_\_\_\_\_

Affiant further states that the names of all persons who have any such business relationships and the positions they hold with their respective companies or firms are as follows:

\_\_\_\_\_  
\_\_\_\_\_

(If none of the business relationships hereinabove mentioned exists, affiant should so state)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public





## **AGENDA ITEM SUMMARY**

### ***Item Description***

Authorize the Chief Executive Officer to sign a release in favor of American International Group (AIG).

### ***Background, Discussion***

UCIP has purchased \$250,000 in liability coverage to sit above the \$2 million provided by County Reinsurance Limited since January 1, 2004. The \$250,000 excess is provided by C.V. Starr, which until recently was a subsidiary of AIG. Marsh of Atlanta, the insurance broker for CRL, was the broker between C.V. Starr and CRL, acting on behalf of UCIP.

The Attorney General of New York investigated AIG and Marsh, the insurance broker, for anti-competitive business activities, including bid rigging. Rather than prosecute AIG, the New York AG entered into a \$375 million settlement agreement with AIG.

UCIP may sign this release and receive \$6,501.12 as our part of the AIG settlement.

### ***Recommendation***

Staff recommends authorizing the CEO to sign this agreement and all other necessary release documents.



Must be Postmarked  
No Later Than  
January 26, 2007

AIG Excess Casualty Settlement  
c/o The Garden City Group, Inc.  
PO Box 9000 #6402  
Merrick, NY 11566-9000  
(888) 355-5464

AIN



Settlement Identification Number: 01003647



UTAH COUNTIES INSURANCE POOL  
ATTN: GENERAL COUNSEL OR PRINCIPAL  
5397 S VINE ST  
SALT LAKE CITY, UT 84107-6757

#### ADDRESS CORRECTIONS

Write any address corrections below. Any changes to RELEASOR name must be submitted in writing with explanation for change.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### GENERAL RELEASE

This RELEASE (the "Release") is executed this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by RELEASOR (defined below) in favor of RELEASEE (defined below).

#### DEFINITIONS

"RELEASOR" refers to UTAH COUNTIES INSURANCE POOL and any of its affiliates, subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of RELEASOR.

"RELEASEE" refers to American International Group, Inc. and any of its subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers (collectively, "AIG").

"AGREEMENT" refers to a certain agreement between AIG and the Attorney General of the State of New York ("NYAG") dated January 18, 2006 and an accompanying stipulation between AIG and the Superintendent of Insurance of the State of New York ("NYSI") dated January 18, 2006, relating to (i) an action commenced against AIG by the NYAG and NYSI dated May 26, 2005, captioned The People of the State of New York v. American International Group, Inc., Maurice R. Greenberg and Howard I. Smith, Index No. 401720/2005, and an investigation by the NYAG and NYSI relating to same (the "COMPLAINT"); (ii) an investigation by the NYAG and NYSI related to AIG's alleged use of contingent commission agreements or placement service agreements to steer business; and (iii) an investigation by the NYAG and NYSI related to AIG's alleged participation in bid rigging schemes.

#### RELEASE

1. In consideration for the total payment of \$ 6,501.12 plus any interest or investment income earned thereon in accordance with the terms of the AGREEMENT, RELEASOR does hereby fully release, waive and forever discharge RELEASEE from any and all claims, demands, debts, rights, causes of action or liabilities whatsoever, including known and unknown claims, now existing or hereafter arising, in law, equity or otherwise, whether under state, federal or foreign statutory or common law, and whether possessed or asserted directly, indirectly, derivatively, representatively or in any other capacity (collectively, "claims"), to the extent any such claims are based upon, arise out of or relate to, in whole or in part, (i) any of the allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of the COMPLAINT, described in the AGREEMENT, or were subject to investigation by NYAG and NYSI as referenced in the AGREEMENT; (ii) any allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of In re Insurance Brokerage Antitrust Litigation, MDL No. 1663, or the actions pending in the United States District Court for the District of New Jersey captioned In re Insurance Brokerage Antitrust Litigation, Civ. No. 04-5184 (FSH), and In re Employee Benefit Insurance Brokerage Antitrust Litigation, Civ. No. 05-1079 (FSH) or any related actions filed or transferred to the United States District Court for the District of New Jersey that are consolidated into either of the preceding Civil Action dockets; or (iii) any allegations of bid-rigging or of the use of contingent commission agreements or placement service agreements to steer business; provided, however, that RELEASOR does not hereby release, waive, or discharge RELEASEE from any claims that are based upon, arise out of or relate to (a) the purchase or sale of AIG securities; and (b) AIG's Life Insurance Operations (as defined by the Agreement to which this Release is an exhibit).

2. In the event that the total payment referred to in paragraph 1 is not made for any reason, then this RELEASE shall be deemed null and void, provided that any payments received by RELEASOR shall be credited to AIG in connection with any claims that RELEASOR may assert against AIG, or that are asserted on behalf of RELEASOR or by a class of which RELEASOR is a member, against AIG.

3. This RELEASE may not be changed orally and shall be governed by and interpreted in accordance with the internal laws of the State of New York, without giving effect to choice of law principles, except to the extent that federal law requires that federal law governs. Any disputes arising out of or related to this RELEASE shall be subject to the exclusive jurisdiction of the Supreme Court of the State of New York or, to the extent federal jurisdiction exists, the United States District Court for the Southern District of New York.

4. Releasor represents and warrants that the claims have not been sold, assigned or hypothecated in whole or in part.

RELEASOR:	_____ (must match RELEASOR as defined above)	Date:	/ /	Is RELEASOR a US Person / Entity? <input type="checkbox"/> Yes <input type="checkbox"/> No
Signed By:	_____	Taxpayer ID No:	_____	
Print Name:	_____	Phone Number:	( ) - _____	
Title:	_____ (must have authority to sign RELEASE)	Email Address:	_____	

DO NOT ALTER THIS RELEASE

Eligible Policyholder Name: UTAH COUNTIES INSURANCE POOL  
Eligible Policyholder Address: 5397 S VINE ST  
SALT LAKE CITY, UT 84107-6757

### AIG Excess Casualty Settlement Fund Policy Statement

Eligible Policy		Premium	Settlement Amount (1)
1	1044946	\$64,147.00	\$6,501.12
Totals		\$64,147.00	\$6,501.12

(1) The total settlement amount for all Eligible Policies is \$6,501.12, plus any interest or investment income earned thereon in accordance with the terms of the settlement agreement.

## AMERICAN INTERNATIONAL GROUP, INC.

August 2006

Dear Policyholder:

I am writing to inform you of your eligibility to participate in a settlement fund established by American International Group, Inc. ("AIG").

### Background

As you may be aware, the Office of the Attorney General of the State of New York (the "New York Attorney General") and the Superintendent of Insurance of the State of New York have been conducting investigations into certain insurance industry practices. Those investigations involve allegations of both improper bidding arrangements and steering practices involving the use of contingent commissions. AIG cooperated with the investigation of the New York Attorney General and the New York Insurance Department.

### The Excess Casualty Fund

On February 9, 2006, AIG announced that it had entered into a settlement agreement with the New York Attorney General and a stipulation with the New York Insurance Department to resolve a number of outstanding claims and investigations by those offices. A copy of the settlement agreement and stipulation (collectively, the "Agreement") is available at [www.aigsettlement.com](http://www.aigsettlement.com).

As part of the Agreement, without admitting or denying the existence of any wrongdoing, AIG established a \$375 million settlement fund (the "Excess Casualty Fund") for its policyholders who purchased or renewed excess casualty policies (excluding excess workers compensation policies) through Marsh & McLennan Companies, Inc. or Marsh Inc. (collectively, "Marsh") during the period from January 1, 2000 through September 30, 2004 ("Eligible Policyholders"). *Under the terms of the Agreement, AIG's excess casualty policyholders are eligible to participate in the Excess Casualty Fund without being required to demonstrate that they suffered any actual harm or injury, or in fact that any wrongdoing had occurred.*

### Allocation of the Excess Casualty Fund

Attached is a statement setting forth the amount your company is eligible to receive from the Excess Casualty Fund. The amount your company is eligible to receive from the Excess Casualty Fund is based on your company's pro rata portion of the total AIG excess casualty premium written between January 1, 2000 and September 30, 2004 through Marsh. AIG has calculated the amount of premium written for excess casualty policies attributable to each Eligible Policyholder pursuant to the terms of the Agreement. If you elect to participate in the Excess Casualty Fund and tender a Release as described below, your payment will also include a pro rata portion of any interest or investment income earned on the Excess Casualty Fund.



## The Release

In order to participate in the Excess Casualty Fund and collect your company's allocated amount, an authorized representative from your company must sign the Release contained in this mailing and return the completed Release, postmarked by January 26, 2007, in the envelope provided. You may not alter the Release in any way, as it must be received by AIG in the form attached to the Agreement.

The decision of whether or not to participate in the Excess Casualty Fund is entirely voluntary. By signing the Release, you will give up your right to pursue any claims against AIG, its subsidiaries, and the other parties included in the definition of "Releasee" in the attached form of Release (collectively, the "Released Parties") for (i) any of the allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of the complaint entitled The People of the State of New York v. American International Group, Inc., Maurice R. Greenberg and Howard I. Smith, Index No. 401720/2005, described in the Agreement, or were subject to investigation by the New York Attorney General and the New York Insurance Department as referenced in the Agreement; (ii) any allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of In re Insurance Brokerage Antitrust Litigation, MDL No. 1663, or the actions pending in the United States District Court for the District of New Jersey captioned In re: Insurance Brokerage Antitrust Litigation, Civ. No. 04-5184 (FSH), and In re Employee Benefit Insurance Brokerage Antitrust Litigation, Civ. No. 05-1079 (FSH), or any related actions filed or transferred to the United States District Court for the District of New Jersey that are consolidated into either of the preceding Civil Action dockets; or (iii) any allegations of bid-rigging or of the use of contingent commission agreements or placement service agreements to steer business.

The Release will not release any claims that are based upon, arise out of or relate to (a) the purchase or sale of AIG securities, and (b) AIG's Life Insurance Operations, as defined in the Agreement. The Release also does not preclude participating policyholders from seeking relief against entities or individuals other than the Released Parties.

If your company does not elect to participate in the Excess Casualty Fund, your company will retain any rights it may have to pursue an individual or class action against AIG, including by participating in the actions listed above.

## Payment Under the Excess Casualty Fund

If your company elects to participate in the Excess Casualty Fund, and AIG timely receives your company's Release, AIG will mail its payment to your company by February 28, 2007.

In deciding whether to participate in the Excess Casualty Fund, your company should review the complete terms of the Agreement, including the following provision:

In the event that any Eligible Policyholder elects not to participate or otherwise does not respond to the Excess Notice..., the amount that such policyholder was eligible to receive...may be used by AIG to satisfy any pending or other claims asserted by

policyholders relating to the excess casualty bid rigging or excess casualty steering allegations set forth in this Agreement, provided that in no event shall a distribution be made from the Excess Casualty Fund to any other policyholder until all Participating Policyholders have been paid the full aggregate amount set forth ...above...; nor shall the total payments from the Excess Casualty Fund to any Non-Participating Policyholder exceed 80% of the amount that Non-Participating Policyholder was originally eligible to receive ..." (Settlement Agreement ¶ 23; Stipulation ¶ 23.)

Pursuant to this provision, any money remaining in the Excess Casualty Fund after checks are mailed to Participating Policyholders may be used to resolve any claims asserted by excess casualty policyholders (including policyholders who do not fall within the definition of "Eligible Policyholder") relating to the excess casualty bid rigging or excess casualty steering allegations contained in the Agreement. Payments from the Excess Casualty Fund to non-participating Eligible Policyholders will be limited to a maximum of 80% of the amount the Eligible Policyholder could have collected if it had participated in the Excess Casualty Fund prior to January 26, 2007.

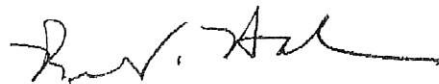
#### Amounts Remaining in the Excess Casualty Fund

Under no circumstances will any portion of the Excess Casualty Fund revert to AIG. In particular, if any money remains in the Excess Casualty Fund as of January 31, 2008, any such funds shall be distributed by February 29, 2008 on a pro rata basis to the Participating Policyholders.

\* \* \*

If you have any questions about participation in the Excess Casualty Fund, you may contact our Settlement Administrator, The Garden City Group, Inc. at (888) 355-5464 or by e-mail at [aiginfo@gardencitygroup.com](mailto:aiginfo@gardencitygroup.com). AIG is committed to business practices that provide transparency and fairness in the insurance markets. On behalf of AIG, I want to thank you for your continued support.

Sincerely,



Kenneth V. Harkins  
Deputy General Counsel

## **AGENDA ITEM SUMMARY**

### ***Item Description***

Receive report regarding cost comparison between workers' compensation TPA and bringing claims in-house and authorizing CEO to notify TPA of contract termination

### ***Background, Discussion***

The attached narrative and cost sheet illustrate the difference between in-house claims administration and the TPA.

### ***Recommendation***

Staff recommends authorizing the Chief Executive Officer to notify the TPA of December 31, 2006 contract termination.



## **STAFF REPORT**

### **September 14, 2006**

**SUBJECT:** Comparison between administering Workers' Compensation claims using a third party administrator and using in-house staff.

**BACKGROUND:** UCIP began its workers' compensation program on January 1, 2004. UCIP started the program earlier than planned to stave off an attempt by the Utah Local Governments Trust to start a competing program that was being offered to counties. Alternative Service Concepts was selected as the third party administrator based on their response to the RFP that had been issued in August, 2003 for Risk Management Information Systems. ASC was able to put together a dedicated office for UCIP within 60 days. UCIP had 14 counties in the program on January 1, 2004.

**CURRENT STATUS:** There are 25 counties, 1 multi-county health department, and 1 mental health district in the program currently. ASC has hired a new adjuster as of September 6. The program has grown to the point that a claims assistant should be hired to properly service our members. ASC is currently preparing to convert the claims system from GenSource to CS Stars.

**CHALLENGES TO TAKING CLAIMS IN-HOUSE:** Supervision by experienced senior adjuster is missing. Data processing oversight is missing. During vacation, illness, or in the event of termination of adjuster, there is no backup.

**BENEFITS TO TAKING CLAIMS IN-HOUSE:** Cost savings in second and subsequent years is considerable. Marginal cost for space, phones and other support is minimal. UCIP will exercise more control over the claims adjusting function.

## **COST COMPARISON**

TPA and In-House

Annual cost TPA Contract **\$195,000**

- One adjuster
- One claims assistant
- Supervision
- Claims system
- Support supplies, etc

### **Annual cost Proposed In-house**

• One adjuster (with benefits)	\$77,500
• One claims assistant (with benefits)	49,000
• Claims system	8,000
• Support supplies	4,500
• Claims audit	<u>6,500</u>
Annual (recurring) costs subtotal	<b>\$145,500</b>

### **One-time costs for bringing in-house**

• Claims data conversion	\$30,000
• Capital outlay (furniture)	<u>6,000</u>
One-time costs subtotal	<b>\$36,000</b>

**Total first year costs in-house** **\$181,500**

**First year savings** **\$13,500**

**Annual savings thereafter** **\$49,500**





# Utah Counties Insurance Pool

## Payments

August 23 - September 22, 2006

Type	Date	Num	Name	Memo	Split	Amount
<b>WF-Expense</b>						
Liability Check	8/29/2006		QuickBooks Payroll Service	Created by Payroll Service on 08/28/2006	-SPLIT-	-12,275.25
Paycheck	8/30/2006		Anne M. Ayton	Direct Deposit	-SPLIT-	0.00
Paycheck	8/30/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	8/30/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	8/30/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	8/30/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	8/30/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	8/30/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	9/1/2006	ONLINE	Utah State Tax Commission	Z68319	-SPLIT-	-1,694.88
Liability Check	9/5/2006	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 27066480079...	-SPLIT-	-4,275.80
Liability Check	9/6/2006	ONLINE	Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-3,151.40
Liability Check	9/7/2006	3558	Utah Retirement Systems	Unit No: 864 (August 2006)	-SPLIT-	-8,378.38
Check	9/7/2006	3559	PEHP-LTD	Coverage Period: August 2006	-SPLIT-	-212.29
Check	9/7/2006	3560	FCP Holdings, LLC	Commercial Lease: 6900 South 900 East, Suite 230	Staff Medical Insurance	-5,653.38
Check	9/7/2006	3561	Snelling Personnel Services, Inc.	Customer Number: 20873-00004JTM	Building Lease	-1,958.80
Check	9/7/2006	3562	CodeCo Law Publishers	Invoice Number: A64367	-SPLIT-	-205.00
Check	9/7/2006	3563	Les Olson Company	Invoice Number: 0761524-IN	Dues / Subscriptions	-905.40
Check	9/7/2006	3564	Utah Counties Insurance Pool	September Employee Benefits	Copying Costs	-7,273.19
Liability Check	9/7/2006	3565	Judgesrun Foundation	Korby Siggard Registration Charly Golf	-SPLIT-	-65.00
Check	9/7/2006	3566	Utah Safety Council	Invoice Number: 02833	Exhibiting & Sponsorship	-318.00
Check	9/7/2006	3567	Pitney Bowes, Inc.	Invoice Number: 831544	Loss Control / Training	-38.95
Check	9/7/2006	3568	Henriksen/Butler	Invoice Number: 91117	Postage	-522.06
Check	9/7/2006	3569	Verizon Wireless	Invoice Number: 2066700379	Debt Service	-70.64
Check	9/7/2006	3570	Professional Binding Products, Inc.	Invoice Number: PS10081519	Telephone	-70.58
Check	9/7/2006	3571	Marsh USA Risk & Insurance Services	Invoice Number: 328782	Loss Control / Training	-198.00
Check	9/7/2006	3572	Utah Safety Council	Invoice Number: 02823	Bonds	-29.98
Check	9/7/2006	3573	Korby M. Siggard	Expense Reimbursement	-SPLIT-	-292.81
Check	9/7/2006	3574	Charmaine G. Green	Expense Reimbursement	-SPLIT-	-260.33
Check	9/7/2006	3575	Print2day	Invoice Numbers: 626474	Printing	-173.68
Check	9/7/2006	3576	Sonya J. White	Reimbursable Expenses	-SPLIT-	-260.07
Check	9/7/2006	3577	Office Depot	Account Number: 35538769	Office Supplies	-54.68
Check	9/7/2006	3578	Abbey Inn	Account Number: 346	-SPLIT-	-1,950.00
Check	9/7/2006	3579	James Eardley	Mileage Reimbursement	-SPLIT-	-44.50
Check	9/7/2006	3580	Lynn Lemon	Mileage Reimbursement	Board Expense	-302.60
Check	9/7/2006	3581	James Nyland	Mileage Reimbursement	Board Expense	-133.50
Check	9/7/2006	3582	Ira Hatch	Mileage Reimbursement	Board Expense	-214.49
Check	9/7/2006	3583	Ken Bischoff	Expense Reimbursement	Board Expense	-167.10
Check	9/7/2006	3584	Kent Sundberg	Expense Reimbursement	-SPLIT-	-333.25
Check	9/7/2006	3585	Karla Johnson	Mileage Reimbursement	Board Expense	-71.20
Check	9/7/2006	3586	Kay Blackwell	Mileage Reimbursement	Board Expense	-80.10
Check	9/7/2006	3587	Jerry Grover	Mileage Reimbursement	Board Expense	-184.68
Check	9/7/2006	3588	Steven Wall	Expense Reimbursement	-SPLIT-	-31.80
Check	9/7/2006	3589	Steve Baker	Expense Reimbursement	-SPLIT-	-1,031.91
Check	9/7/2006	3592	Jonathan D. Woods	Reimbursable Expenses	-SPLIT-	-688.45
Check	9/7/2006	3590	Neil Lindberg	Expense Reimbursement	-SPLIT-	-274.15
Check	9/7/2006	3591	Dirk Hatch	Mileage Reimbursement	-SPLIT-	-323.07
Check	9/7/2006	3593	Southern Utah University	Invoice Number: C1851	Loss Control / Training	-3,820.65
Check	9/7/2006	3594	Lester J. Nixon	Per Diem CAIPA	Staff Expenses	-225.00
Liability Check	9/13/2006		QuickBooks Payroll Service	Created by Payroll Service on 09/11/2006	-SPLIT-	-12,275.21
Paycheck	9/14/2006		Anne M. Ayton	Direct Deposit	-SPLIT-	0.00
Paycheck	9/14/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	9/14/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00

# Utah Counties Insurance Pool

## Payments

August 23 - September 22, 2006

Type	Date	Num	Name	Memo	Split	Amount
Paycheck	9/14/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	9/14/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	9/14/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	9/14/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	9/15/2006		United States Treasury	Acknowledgement Number: 270656600563870	-SPLIT-	-4,275.88
Check	9/22/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-3,206.34
Check	9/22/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-4,185.05
Check	9/22/2006	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-580.38
Check	9/22/2006	3595	David Rowley	Hotel Reimbursement	Marketing EB	-75.00
Check	9/22/2006	3596	Contract Solutions Group	October 11 SWAP Training Seminar	Exhibiting & Sponsorship	-1,600.00
Check	9/22/2006	3597	Utah Association of Counties	USACCC Conference Sponsorship	Exhibiting & Sponsorship	-425.00
Check	9/22/2006	3598	FCP Holdings, LLC	Commercial Lease: 6900 South 900 East, Suite 230	Building Lease	-5,653.38
Check	9/22/2006	3599	Qwest	Account Number: 801-565-8500 170B	Telephone	-483.59
Check	9/22/2006	3600	Public Risk Management Association	Membership Number: 10008103	Dues / Subscriptions	-310.00
Check	9/22/2006	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-178.05
Check	9/22/2006	3601	Verizon Wireless	Invoice Number: 2070108079	Telephone	-111.16
Check	9/22/2006	3602	Verizon Wireless	Invoice Number: 2070108078	Telephone	-41.01
Check	9/22/2006	3603	Larson & Company	Invoice Number: 19396	-SPLIT-	-457.50
Check	9/22/2006	3604	Verizon Wireless	Invoice Number: 2070391291	Telephone	-259.87
Check	9/22/2006	3605	Pitney Bowes Postage by Phone	Customer Identification #: 19821793866	Postage	-230.00
Check	9/22/2006	3606	Snelling Personnel Services, Inc.	Customer Number: 20873-00004JTM	-SPLIT-	-1,738.85
Check	9/22/2006	3607	Office Depot	Account Number: 35538769	-SPLIT-	-34.32
Total WF-Expense						-94,335.59
WF-Work Comp Expense						
Check	9/6/2006	0138	Alternative Service Concepts, LLC	Invoice Number: 0010717-IN	Third Party Administrator...	-7,994.20
Check	9/6/2006	0139	Pfeiffer Consulting Group, LLP	Invoice Number: 2006-9	Consultant WC	-1,500.00
Total WF-Work Comp Expense						-9,494.20
TOTAL						-103,829.79